

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Friday April 26 1985

D 8523 B

Reagan stumbles on  
the run-up to the  
Bonn summit, Page 24

## World news

## Business summary

### Brazil's President faces challenge

José Sarney, Brazil's new President, faces a challenge to his position only hours after the burial of the late President-elect, Tancredino Neves.

Aureliano Chaves, a powerful minister in the coalition Government, has called for direct presidential elections in November 1986, rather than 1988, as envisaged.

The move by Chaves, a former Vice-President, is in accord with demands by the left-wing Workers' Party and places him on a collision course with President Sarney. Page 5

### Assad appeal

President Hafez al-Assad of Syria urged Moslem guerrillas in the south of Lebanon to stop up attacks on Israeli forces. Page 4

### Nuclear inquiry

Sweden's Defence Minister is to investigate claims that nuclear weapons research continued after the country's parliament voted to abandon the programme. Page 2

### Vote postponed

The French Government announced the postponement of the referendum on the future of New Caledonia. Page 2

### Ballot to be re-run

Britain's largest trade union, the transport workers' union, ordered a re-run of last year's ballot to find a new general secretary after claims of voting malpractice. Page 11

### Gorbachev visit

Mikhail Gorbachev, the Soviet leader, arrived in Poland for today's renewal of the 30-year East European military alliance. Page 26

### Mitsui court case

Mexican court committed two executives of Mitsui, the Japanese company, for trial on charges of fraud. A local textile company claims that Mitsui sold it substandard machinery. Page 26

### Boat disaster

Twenty people, mostly children, were feared dead after a ferry sank on the Mantaro river, Peru. Page 26

### Swiss UN vote

Swiss Government announced that a referendum would be held on March 16 next year to decide on joining the United Nations. Page 26

### Gujarat deaths

Seven people died in renewed violence in the western Indian state of Gujarat. Page 26

### South Africa blast

A black man was killed in a bomb explosion in Durban, South Africa. Police reported rioting and arson in several black townships. Page 26

### Higher EEC prices

Inflation in the EEC rose to 5.9 per cent in March, the highest annual rate for seven months. Page 26

### Argentine bomb

A bomb exploded at the Buenos Aires offices of the Movement for Integration and Development, an Argentine opposition party, on the eve of a rally in support of democracy. Page 26

### Mafia deaths

Six people, including two 15-year-old boys, were shot dead in the Catania and Agrigento regions of Sicily in an apparent settlement of Mafia disputes. Page 26

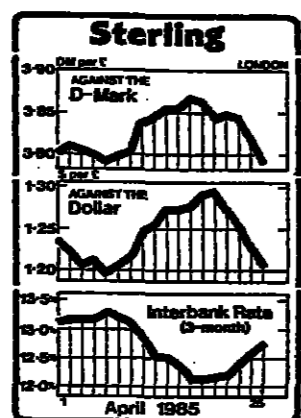
### Van Gogh record

A Vincent van Gogh painting was auctioned at Sotheby's, New York, for \$9.9m, a record for the artist. Page 24

### Earnings growth at ICI falls to 9%

ICI, Britain's biggest chemical group, lifted first-quarter profits by 9 per cent to £287m (\$325m), but earnings growth during 1984 as a whole. Lex, Page 26; Details, Page 32

WALL STREET: The Dow Jones industrial average closed up 6.29 at 1,284.78. Section III



DOLLAR improved in London, closing at DM 3.1535 (DM 3.119), SwFr 2.6225 (SwFr 2.6), FFf 9.5 (FFf 9.555) and Y252.5 (Y251.33). On Bank of England figures, the dollar's exchange rate index rose from 146.9 to 147.6. In New York it was DM 3.1465, SwFr 2.6245, FFf 9.6050 and Y252.65. Page 47

STERLING continued to fall in London, losing 2.05 cents against the dollar to finish at \$1.2453. It was also lower at DM 3.79 (DM 3.825), SwFr 3.1575 (SwFr 3.18), FFf 11.555 (FFf 11.685) and Y303.5 (Y308.0). The pound's exchange rate index fell from 77.3 to 76.6. In New York it was \$1.2450. Page 47

GOLD fell 50 cents on the London market to \$322.25. It was higher in Zurich at \$323.05. In New York the Comex June settlement was \$326.20. Page 46

TOKYO: Shares advanced despite thin end-of-month trading. The Nikkei-Dow market average rose 118.10 to 12,333.87. Section III

LONDON equities were unsettled by poor ICI results. Gilt eased. The FT Ordinary index gained 3.1 to 965.6. Section III

FOREIGN companies acquired 151 U.S. companies, valued at over \$4m, in 1984. UK takeovers exceeded those of any other country and the total, up 16 per cent on 1983, was only exceeded in 1981. Page 5

MIDLAND BANK of Britain warned that Crocker National, its troubled Californian subsidiary, might have to write off more bad loans this year. Page 26

LUXEMBOURG subsidiary of Dresdner Bank, West Germany's second largest commercial bank, boosted earnings during 1984 but used them to cover higher risk provisions. In the nine months ended December the bank made provisions of 1.1 Ffr (\$1.1m), lifting the total to 1.5 Ffr. Page 26

SOCIÉTÉ GÉNÉRALE, third largest French nationalised bank, reported a 12.2 per cent increase in consolidated earnings in 1984 to FFf 927m (\$92m) against FFf 826m previously. Page 26

MINSTAR, Minneapolis-based investment group run by Irwin Jacobs, announced the expected takeover offer for AMF, leisure, industrial and energy conglomerate, which values AMF at \$603m. Page 27

ALEXANDER & Alexander Services, holding company for the second largest U.S. insurance firm, lifted first-quarter net income 23 per cent to \$10.7m, or 38 cents a share, compared with \$8.6m, or 33 cents, in the first quarter of 1984. Page 27

AKZO, Dutch chemicals, pharmaceuticals and fibres group, reported net profits of F1 256.1m (\$73.3m) against F1 189.5m in the 1984 first-quarter. Page 28

## Reagan warns of 'dreams wrecked' by budget deficit

BY STEWART FLEMING IN WASHINGTON

A MAJOR test of U.S. President Ronald Reagan's budget strategy and political prestige was shaping up in Congress yesterday after a warning from the President that failure to cut the \$213bn budget deficit "could destroy our prosperity and all the blessings it has given us."

In a nationwide television address aimed to exert maximum influence upon a vital vote in the Senate on the deficit-cutting programme which the White House and Republican leaders have proposed, Mr Reagan warned: "All our dreams for the future could be wrecked if we do not overcome one giant obstacle... no matter how strong the economy grows, no matter how much more tax money comes to Washington, it will not amount to a hill of beans if Government will not curb its endless appetite to spend."

In what was seen as one of his most polished television performances, Mr Reagan appealed to American patriotism with a quotation from former President John F. Kennedy: "Ask not what your country can do for you - ask what you can do for your country."

After detailing some of the painful reductions in federal spending which the plan to reduce the budget deficit by \$300m over three years

calls for, he declared: "We stand at the crossroads. The hour is late, the task is large and the stakes are momentous."

Mr David Stockman, the President's Budget Director, said just before the speech that it was directed at "an up or down vote on the whole (budget) package" in the Senate which was expected either late yesterday or early today. Such a vote does not allow amendments.

The Administration and the Republican leadership of the Senate decided to try to secure an early vote on the compromise budget proposal in the hope of building momentum for the budget reduction package and limiting the extent to which the many opponents of its individual provisions could later attach amendments to alter the budget resolution.

But as the Senate debate began there were signs that the Administration officials were beginning to back-track from their earlier characterisation of the Senate vote as, in Mr Stockman's words, "critical."

One official yesterday described the vote as "important but not crucial or decisive," but he conceded that if the Senate failed to support the President "we may lose momentum."

Precisely how the Senate debate would proceed remained unclear, with some congressional budget experts disputing the interpretation being put on the Senate procedure by top Administration officials.

Mr Robert Dole, the Senate majority leader, conceded yesterday, however, that he is only "fairly close" to having enough votes to pass the plan. Congressional officials were not excluding the possibility of the vote being postponed if a defeat for the White House looked likely.

Some budget experts think that if the President and the Republican leadership are forced to fight for the budget line by line, amendment by amendment, over the next few days, Mr Reagan's pressure for reductions in federal spending would be weakened when the Democratic-controlled House takes up the budget debate.

A stumble before the Bonn summit, Page 24; Contra aid, Page 5

## Europe to link with Nasa on space station

BY PETER MARSH IN LONDON

WEST EUROPEAN governments agreed yesterday to collaborate with the U.S. in a two-year project to design a \$12bn manned space station planned for 1994.

A memorandum setting out the terms for the participation is due to be signed today in Washington by Professor Reimar Lüst, director general of the 11-nation European Space Agency (ESA), and Mr James Beggs, administrator of the National Aeronautics and Space Administration (Nasa).

Yesterday's decision came at the end of a two-day meeting of ESA representatives in Paris. Under the agreement the European agency and Nasa will exchange information on their separate design studies until the blueprint for the station is decided next spring.

The European study, on a laboratory unit called Columbus that would plug into the U.S. core of the station, is due to cost about \$60m.

Canada and Japan are also working on the part they could play in building the orbiting base, which would have room for up to eight people and provide laboratories for scientific experiments and the processing of exotic new materials in zero gravity.

After the design phase ends next

year, all the countries face a much tougher decision on whether to proceed with building the base.

According to tentative estimates, the U.S. would put up two thirds of the cost of the station.

West Europe and Japan (which intends to build a module similar to Columbus) would each contribute \$1.5bn to \$2bn, leaving Canada to spend a relatively small sum on developing robot modules to repair and maintain the base.

Over the next year all the countries will continue to discuss important issues involved with operating the orbiting complex.

These issues, which will have to be thrashed out before a further agreement is signed, include the share of the running costs that the partners of the U.S. will have to bear and the degree to which those countries will be permitted access to American technology that could be classified because of its relevance to military applications.

The participating nations will also discuss the framework under which the operators of the base would safeguard the commercial rights of companies developing products such as new drugs or alloys.

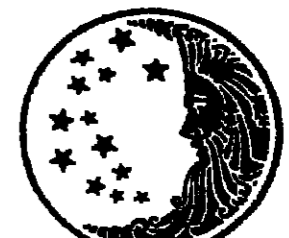
Britain's first astronaut, Page 10

## Procter finds the Moon and stars cost the Earth

By Paul Taylor in New York

PROCTER & GAMBLE, the huge U.S. consumer products group, is to remove a century-old Moon and stars trademark from its products after failing to quash a persistent rumour that the corporate logo is a satanic symbol.

Procter, whose major household products include Tide detergent, Ivory soap, Head and Shoulders shampoo and Pampers disposable nappies, said it took the decision "to end customer confusion" but denied that it had bowed to pressure.



Nevertheless, it is believed to be the first time a major corporation has been forced to take such action.

The Cincinnati-based group, whose sales totalled almost \$13bn last year, said the trademark, featuring a bearded man-in-the-moon and 13 stars, will be withdrawn from products over a number of years, but will remain on its letterhead and corporate headquarters.

Procter, regularly the largest advertiser in the U.S. and arguably the most skillful, waged a futile five-year battle against a recurring and elusive rumour linking the logo with the Devil.

The corporate symbol dates back to the mid-19th century, when dock workers began using a crude cross to identify the company's Star brand candles. Throughout the late 1800s the logo evolved first into a single star, then into 13 stars representing the 13 original colonies. The then-popular fanciful man-in-the-moon was added before the trademark was first registered in 1882.

In the past five years, however, a series of bizarre anonymous rumours has linked the logo and the company to devil worship. Procter, a company renowned for its conservatism - its first great brand name, Ivory soap, is said to have come to Mr Harley Procter, son of one of the company's two founders, during a reading of the 45th psalm in 1870 - first tried to ignore the rumours. Then in 1982, after the rumours

Continued on Page 26

Third-quarter downturn, Page 27

## Growth in France 'will fall to 1% this year'

BY DAVID HOUSEGO IN PARIS

THE FRENCH economy will grow by only 1 per cent in real terms this year after 1.9 per cent growth in 1984, the state forecasting institute, Insee, has said.

Thus, it could be the third year running that France's economy has expanded at a slower rate than its major European partners, a point likely to be emphasised by the opposition in its campaign for the parliamentary elections next year.

Insee, which published its half-yearly forecast yesterday, foresees no further improvement in the trade deficit this year. On the assumption of an average exchange rate of FFf 10 to the dollar, it forecasts a deficit over the year of FFf 27bn (\$2.7bn), about the same level as the revised figures for 1984. That compares with a forecast of a return to equilibrium included in the 1985 budget projections.

If the dollar drops to an average FFf 9.35 through the last three quarters of the year, Insee believes that the deficit would decline to FFf 19bn as a result of a lower oil bill. Insee made no predictions for the current account of the balance of

payments, which virtually returned to equilibrium last year. Some government departments, however, are making an assumption of a FFf 10bn deficit.

Inflation on the Insee projections will continue to decline during the year but at a slower rate than in 1984. It forecasts that on a 12-month basis the consumer price index will have risen by 5.5 per cent by the end of December against 6.1 per cent for 1984. The inflation rate would slow down to 5.3 per cent with a dollar exchange rate of FFf 9.35 in the last nine months - which compares with a government target for the year of 4.5 per cent.

On the employment front, Insee sees the economy shedding 170,000 net jobs this year - a rate similar to 1984. It says, however, that the un-

employment figures are difficult to forecast because of the impact of the Government's retreating measures and part-time work schemes for the unemployed.

In historical terms, the only real comfort for the Government is the confirmation by Insee that the tax cuts taking effect in the second half of the year will boost purchasing power and consumption - and thus industrial production as well.

But it hopes that domestic investment would take over from exports as the motor for the economy in 1985 are disproved by the Insee projections, which show that fixed capital investment will remain stagnant this year after declining 2.9 per cent.

The Insee figures help to explain why M. Pierre Bérégovoy, the Finance Minister, has been canvassing his European partners for a concerted stimulus to Europe's economies.

Continued on Page 26

French interest rates eased, Page 26

## Britain threatens to cut aid if India drops helicopters order

BY JOHN ELLIOT IN NEW DELHI

BRITAIN has warned India that it might lose up to £45m of its £115m (\$140m) aid from the UK this year if it does not go ahead with an order for 21 Westland 30 helicopters. The deal won Indian Cabinet approval last summer.

Mr Rajiv Gandhi, the Indian Prime Minister, and Mr V. P. Singh, his Finance Minister, were given this blunt message, couched in diplomatic language, by Mr Timothy Raison, the UK's Overseas Development Minister, in New Delhi yesterday.

Mr Raison said as he left India: "We discussed the difficulty that would be posed for us to spend our full target of £115m aid in the current year if the helicopter deal did not go through."

India receives more British aid than any other country, and the UK is India's largest bilateral donor.

Westland has already built five of the 21 helicopters, one of which is in Bombay. That was done at the specific request of senior Indian civil servants who wanted to ensure that India did not lose its first annual allocation of the aid. Another £30m has been spent by Westland on starting more helicopters, although production has now been stopped.

The full cost of the 21 helicopters, with spares, is £35m, which would be fully covered by British grant aid, making the order, in effect, a gift - £45m of the £115m is due to be paid this year, with a further £20m to be paid next year.

It appears that Mr Gandhi, a former airline pilot, has decided in his dual capacity as Prime Minister and Minister of Aviation that he does not want Westland to get the deal.

That would open the door to Westland's cheaper rival, the Dauphin from France's Aerospatiale, which is also backed with financial aid. Mr Gandhi is to visit Paris to open France's Festival of India in June, and there is speculation that a deal might be announced then if Westland is dropped.

The 21 helicopters are needed for India's oil and natural gas commission. The Westland 30 was chosen in preference to the smaller and less expensive Dauphin.

Continued on Page 26

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## Summary Financial Statement as of December 31, 1984

### Balance Sheet

Assets	(in million of Lux. Francs)	Liabilities
Liquid Assets		Liabilities to Banks at sight
- Cash, Balances on Postal Cheque Account and with Central Banks	6.740	(incl. those maturing within one month)
- Balances with Banks at sight (incl. those maturing within one month)	108.897	Liabilities to Banks for agreed periods of more than one month
Balances with Banks for agreed periods of more than one month	124.769	Current Accounts and Deposits
Bills discounted	14.746	- Current Accounts (incl. deposits maturing within one month)
Other Advances	127.368	- Deposits (agreed periods of more than one month)
Securities	69.315	
Miscellaneous	7.605	Miscellaneous
Fixed Assets	4.088	Subordinated Loan
		Capital and Reserves
		Provisions for Contingencies and Depreciation
		Balance brought forward
	463.528	

### Profit and Loss Account

Expenditure		Revenue	
Interest and Commissions	22.634	Interest and Commissions	23.176
General Expenses	580	Other Income	4.723
Provisions for Contingencies	5.068	Release of Provisions for	
Depreciation	10	Contingencies and Depreciation	432
Other Expenses	59		
	<u>28.331</u>		<u>28.331</u>

The itemized Balance Sheet and Profit and Loss Account will be published in the "Memorial - Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg". For your copy of the Annual Report in English, German and French please contact:

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## EUROPEAN NEWS

### GOVERNMENT HOPES TO DEFUSE NEW CALEDONIA ISSUE

## Paris delays referendum

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday postponed the referendum it was proposing to hold in New Caledonia this year on the Pacific territory's future until after the parliamentary elections in France next March.

The decision, announced after a special Cabinet meeting yesterday morning, reflects the uncertain situation on the islands and the Government's wish to defuse the issue as a focus of political tension in France.

M. Laurent Fabius, the Prime Minister, announced that the referendum on the Government's proposal for giving New Caledonia a status of independence in association with France would be held at the latest by the end of 1987. In practice, that means that if the op-

position wins the parliamentary elections next year it would have the responsibility of organising a referendum and deciding on the question to be posed.

The decision is a rebuff for M. Edgard Pisani, High Commissioner to the territory, who had proposed a referendum later this year. It is also bound to be a disappointment to the independence movement in New Caledonia, which had hoped to see its goals realised under the Socialists.

At the same time as announcing the postponement of the referendum, M. Fabius announced changes in the administration of the territory.

Four regions are to be created, each choosing its own administra-

tion during elections to be held under universal suffrage in August. The regional administrations will be given a considerable amount of autonomy.

In political terms, the advantage of this step in a territory where the communities are concentrated on different parts of the island will be to give each of them a measure of control over their own future.

The unexpected announcement came after the failure of an opposition motion of censure on the Government in the National Assembly over its legislation to introduce proportional representation. At the same time, a motion by former President Valéry Giscard d'Estaing to put the proportional issue to vote by referendum was also rejected.

## Sweden to investigate N-weapons claim

By Kevin Done, Nordic Correspondent, in Stockholm

SWEDEN is to investigate claims that it continued active nuclear weapons research until as late as 1972, culminating in tests using small amounts of plutonium. The investigation will be carried out by Mr. Anders Thunborg, the Defence Minister.

Mr. Olof Palme, Prime Minister, came under increasing political pressure yesterday to launch a full commission of inquiry into the claims, published by a Swedish technology magazine Ny Teknik.

The magazine said that the research continued throughout the 1960s despite earlier decision by the Riksdag, the Swedish parliament, to abandon the country's nuclear weapons programme that had been launched in 1945.

The question of whether Sweden should develop its own nuclear bomb was a divisive political question for much of the 1950s and 1960s. It was not resolved politically until 1968, when the Riksdag decided that Sweden should stop development of nuclear weapons.

The parliament had already decided in the late 1950s, however, that research into the development of a Swedish nuclear bomb should be stopped, while allowing continued research in the so-called nuclear protection programme for the defence of the civilian population against nuclear attack.

Mr. Palme admitted yesterday that it was difficult to draw the line between defensive and offensive research. He said, however, that he had no reason to doubt the loyalty of the military establishment and rejected suggestions that the research had been carried on in defiance of decisions by the Riksdag.

## Dutch plan to encourage lead free petrol use

By Peter Spinks in Amsterdam

THE DUTCH Government plans to stimulate demand next year for catalyser-equipped cars which run on lead-free petrol by offering incentives including a 4.5 cent cut in the price of lead-free fuel, and a 0.9 cent rise in that of petrol containing lead.

Those measures are expected to enable the Netherlands to meet new EEC rules for pollution control five years earlier than the deadline of 2004.

Mr. Peter Winsemius, the Dutch Environment Minister, who is spearheading the plan, says that between 1986 and 1988 the purchases of cars without catalysers will pay for an envisaged F1 1700 (\$483) cut in the price of catalyser-equipped vehicles with capacities exceeding 1.4 litres. The price of vehicles under 1.4 litres will be cut by F1 850.

## Swiss telecom to be updated

GRANGENEUE - the Swiss Post Office (PTT) said yesterday it would spend SwFr 1.3bn (\$500m) to update its communication network with sophisticated digital technology.

Mr. Rudolf Trachsel, PTT Director-General, said Switzerland wanted to link all the country's main switching centres to digital systems within three years.

He said the modernised network would depend almost entirely on optical fibres.

Reuter

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## Europe 'must strive to be leader in existing technology'

BY JONATHAN CARR IN MUNICH

EUROPE must strive to be pre-eminent in the commercial application of existing technology - even more than to be a leader in new technology - if it wants to create stable jobs and internationally competitive companies, according to Dr James McGregor, chairman of Honeywell, the UK arm of the U.S. advanced technology company.

"Speaking from experience, I can assure you that possession of leading-edge technology does not automatically translate into jobs and revenue," Dr McGregor said yesterday. "In fact, if you are able to successfully introduce new breakthrough technology to the marketplace, the time it takes for your competitor to take your technology and improve on it is getting shorter every day."

Honeywell's chairman emphasised that he was not trying to discourage the pursuit of truly innovative technology - but it was at least as important, if not more so, to be close to the marketplace and know what the customer really needs.

"One should not be apologetic about trying to make money, about doing engineering rather than science, and about making products rather than scientific discoveries," Dr McGregor said.

He was speaking on the final day of a two-day conference on "Multinationals: Innovators in High Technology" organised in Munich by the Financial Times and the Institute for Research and Information on Multinationals. The first day's discussion concentrated on European industry's international competitive position and yesterday's covered the social costs and benefits of high technology.

Mr. Bertil Bolla, deputy director general of the International Labour Office, believed that earlier predictions about the impact of new technology on production-line workers had proved too pessimistic. They had ignored "compensation effects" such as increases in demand and jobs created through the production and installation of equipment.

"The emerging consensus would seem to indicate that it is often not the too rapid introduction of technology which has a human impact, but the technology which is introduced too late or never at all that needs to be in the forefront of social and labour concerns," Mr. Bolla said.

A different emphasis was given by Herr Franz Steinkühler, vice-president of IG Metall, the West German metalworkers' union. He pointed out that in the last five years 220,000 jobs had been lost in the German metalworking sector alone through the impact of new technology.

Herr Steinkühler emphasised that the trade unions were not

against new technology in principle - as some of their critics claimed. The unions knew perfectly well that market shares could not be held with antiquated products and production methods.

The unions, however, would continue to fight a policy which, Herr Steinkühler said, placed the social burden brought by innovation squarely on the shoulders of the workers.

He also cast doubt on statistics purporting to show that the "jobs creation miracle" in recent years in the U.S. had been due to a sharp increase in employment possibilities for better qualified workers.

Another speaker, Dr. Emsel Van Broekhoven, economic adviser to Banque Bruxelles Lambert of Brussels, took up a similar point. High-technology companies were vital for the general development of the economy but - as U.S. experience showed - they were only marginally important for creating employment.

"New jobs are created, especially in lower and non-technology sectors," he declared. "The highest growth is observed in miscellaneous industries, in clothing, restaurant business and in services."

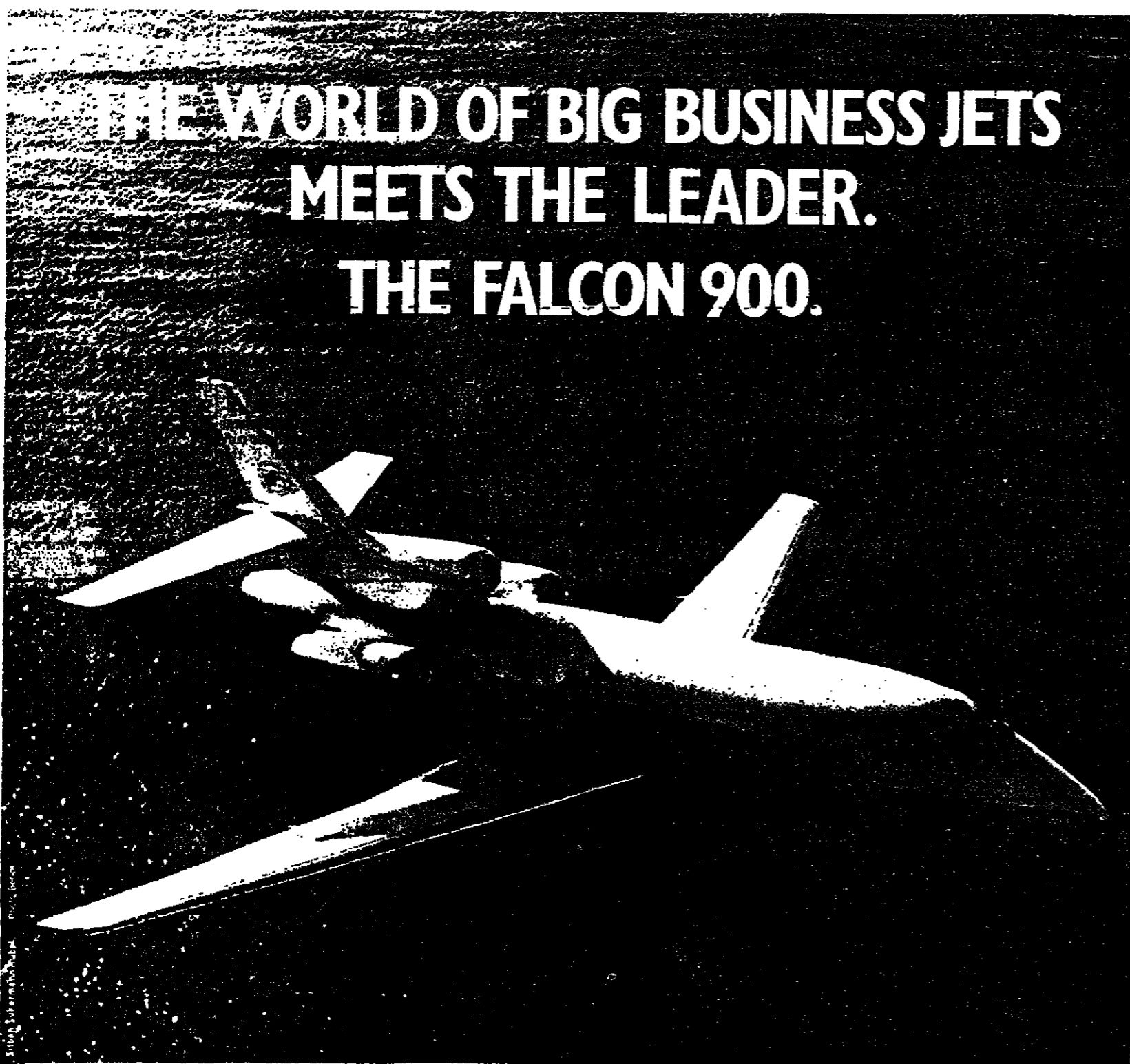
Dr. Giorgio Porta, managing director of Montedison, the Italian chemicals group, spoke of the intense pressures for greater education and training posed by ever faster and more complex innovation.

He pointed out that the chemical industry was no longer able to generate its own self-sustained innovation but needed to make joint efforts with other sectors such as physics and electrical engineering.

That meant that employees had to broaden their traditional chemical knowledge to embrace other skills and disciplines - a constant challenge that Montedison was actively taking up, Dr. Porta said.

Mr. Leo Neffodow of the Gesellschaft für Mathematik und Datenverarbeitung, a West German research institute, spoke of the growing international responsibilities of multinational companies.

Mr. Neffodow noted that many multinationals nowadays had economic resources as big as those of medium-sized industrial countries. The responsibility of those large concerns for maintaining free and fair world trade had also increased.



A Falcon 900 demonstration flight, January 15, 1985.

The Falcon 900 demonstrates leadership qualities in every important respect. First, it offers an extraordinary level of passenger comfort. All passengers who flew in it are unanimous to praise the quietness and comfort amenities of a very large cabin (2.34 m wide over 10 m long and 1.87 m headroom).

The Falcon 900 is a Leader in performance, too. With an effective range of 7,000 km (carrying 8 passengers and NBAA IFR reserves), it can easily fly from Paris to New York, from London to Abu Dhabi, from Tokyo to Jakarta. And the Falcon 900 can climb directly to 39,000 ft which puts it above international commercial air traffic. The Falcon 900 can cruise at up to Mach .85 (904 km/h) and has been flown at 94% of the speed of sound in test flights.

The Falcon 900 is also the Leader in efficiency. For long range operation, take-off weight is 20 tons, 10 tons less than its closest competitor under the same conditions and with the same

payload. Thanks to its latest-generation Garrett engines, its excellent aerodynamics and lighter weight, the Falcon 900's fuel consumption is record-breaking low: some 1/3 less than the above competitor, whose engine consumes almost as much fuel when idling on the runway as that of the Falcon 900 when cruising at Mach .80.

These figures highlight the sophisticated aerodynamic design of the Falcon 900, utilizing Dassault computer technology developed for the famous Mirage fighters - an experience that's unique among producers of business jets.

The Falcon 900 also scores first for safety. In the unlikely event that one engine should fail, the remaining two can easily supply the requisite thrust and maintain operation of the aircraft's critical systems. This level of security obviously cannot be matched by twin-jet aircraft, either now or in the future, whatever the developments in international regulations.

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## UN's latest peace plan for Cyprus revealed

By Andriani Ierodiakonou in Athens

THE LATEST United Nations plan for reunifying Cyprus, leaked to the Turkish Cypriot daily newspaper Halkin Sesi, is essentially the same as that tabled during failed Greek and Turkish Cypriot peace talks held last January in New York, with some elaborations.

The present plan advances the January document in prescribing a deadlock-resolving procedure for constitutional disputes and cases involving intercommunal discrimination. It proposes that these should be referred to a five-member committee made up of three Greek Cypriots and two Turkish Cypriots. Decisions would be by a majority vote including at least one Turkish Cypriot vote.

The calling of a referendum is suggested as an ultimate deadlock-resolving process for both constitutional and federal disputes.

The plan proposes that the Turkish Cypriots should receive one "important" ministry, suggesting foreign affairs. Other emblems include a single "neutral" flag and national anthem, and for Greek and Turkish as the official languages of the state. The 1960 Cyprus independence agreement which ended British colonial rule included English as an official language.

The talks failed not because the two sides disagreed over what was in the plan — which proposed a two-zone federal republic in Cyprus with the Turkish Cypriot minority community controlling one zone and the Greek Cypriot majority the other — but because of disagreement about how to resolve remaining details.

What is missing from the Turkish Cypriot press report is how Sir Javier Perez de Cuellar, the UN Secretary-General and author of the plan who is trying to bring about another meeting between the two leaders, proposes to resolve this procedural deadlock.

The left-wing council is seeking public backing to end the chaos, writes James Buxton

## City fathers in a jam over Rome's traffic



Rome's traffic is so bad that it is virtually impossible to know how long a journey will take

"ARE YOU in favour of the towing away of cars parked along the main thoroughfares, especially near crossroads—even if this means that you have to park your car further away?"

Most city administrations would not ask their citizens a question like that. If they had a law against chaotic parking—as Rome has—and needed to enforce it, they would simply enforce it. Only in Rome are people asked if they would mind if the law were enforced.

The Rome city council, housed on the site of the ancient Roman Capitol, has sent all voters a questionnaire putting questions about the traffic. In short, it asks, do you like the present anarchy, or would you like a more orderly system that enforces the closure of the centre of the city to private cars, obliging you to use public transport, and the loss of the right to park where you like?

The coalition of left-wing parties which governs the city is hoping thereby to obtain a popular mandate for stern measures if it regains power after the nationwide local elections on May 12.

For many citizens the traffic is the worst thing about life in Rome, and the unpredictable chaos of the city centre makes it almost impossible to know how long a journey is going to take. Commuters set out for work by car with little idea of when they are going to arrive. It can take longer to get from the outer suburbs to the centre than it might take to reach the readily accessible Circus from Birmingham.

Each year, as more and more of Rome's 3m people buy cars, things get worse.

It is not a problem that any administrator would find easy. Part of the trouble is the shape of the city. The immense expansion of the past 40 years has been mainly along the lines of the old Roman roads which fan out from the centre into the countryside. Though there is a reasonable outer ring road going round the city, the outskirts of the city there are virtually no inner ring roads.

As a result it is estimated that 48 per cent of the population must cross the city centre to get from one area to another. And the centre—the area roughly within the ancient walls—consists both of little streets now mostly closed to cars, and of wider ones jammed with parked vehicles. It is disrupted by almost daily processions and demonstrations, by convoys of tourist buses and by the magnetic pull of the Pope's public audiences.

Rome has only a rudimentary underground service. Stale bus drivers force their green or yellow buses through the streets, but their path is virtually blocked by the often double files of parked cars, and by other cars jostling along. For Romans are individualists: they take their cars to work if they can, knowing that a parking place can always be found going round the city, even if it is at a crossroads or on the pavement.

The system would not work at all if Roman drivers were not fast and flexible, and so quick to anger that a very lengthy traffic jam is almost impossible. The intensity of hooting and the ferocity of the insults hurled usually shifts the blockage to somewhere else.

One day, however, that did not happen. On December 14 last year a combination of a bus strike, Christmas shopping and heavy rain brought the city almost to a standstill for an entire day. People passed out in the exhaust fumes but ambulances could hardly get out of the hospital gates. It was a day which Sig Ugo Vetere, the Communist Mayor, will never live down. Since then, there have been serious suggestions

that the capital of Italy should be moved elsewhere.

Apart from closing small parts of the 17th century heart of the city to traffic and launching construction of a third underground line, Sig Vetere's administration of Communists, Socialists and small parties of the centre has mostly just wrung its hands.

It knows that any solution—which must in practice mean banning private cars from the centre—would offend someone. The powerful lobby of shopkeepers, who believe they benefit from the sight of customers to park outside their shops, has representatives both inside the coalition and among the opposition—the Christian

Democrats and the neo-Fascist Italian Social Movement. (The latter regularly wins nearly a tenth of the Roman vote.)

In such circumstances the coalition, even though it controls well over half the vote, is almost helpless. There is no point in courting unpopularity by punishing Romans for the 100,000 traffic offences that are to be committed every day.

But why should a city council ask the electorate what it thinks about the traffic, when there are elections on anyway which, one might have thought, would give Romans the chance to express their views via the ballot box?

Unfortunately, Italy's highly democratic system of proportional representation allows people to vote only for a party. Who actually forms an administration, who leads it and what it does is decided after the election in smoke-filled rooms, taking into account dozens of factors, of which the voter's preference is only one.

Even if everyone in Rome voted on May 12 exactly as they did in the previous elections, of 1981 (and the indications are that there will be no big changes in Rome), the present coalition would not necessarily be re-instated. The arithmetic would equally permit the formation of a Christian Democrat-led grouping, assuming the Socialists joined them, as they do in Sig Bettino Craxi's national Government.

The questionnaire on the traffic is the only way the present coalition could, if re-elected, claim a mandate for action. That does not mean that it would act on it, however. Any closure to traffic would mean the construction of garages and inner ring roads at the expense of a central Government with plenty of other calls on its purse. It might be easier just to go on as before.

## Weather and farm shortages threaten Soviet grain output

BY OUR MOSCOW CORRESPONDENT

THIS WEEK could be the most crucial so far this year for Soviet farmers who are falling far behind in sowing spring grain, according to Western agricultural experts. They believe the next few days will have a direct bearing on the size and quality of the 1985 grain harvest.

Farmers have been slow getting into the fields because spring has come late, keeping soil wet and tractors in sheds. They are also hampered by shortages. As a result, grades of all kinds except maize had been sown on only 10.5m hectares by last Monday, 6.1m less than at the same time last year and 15.6 below the 1983 figure.

Last year's harvest was around 170m tonnes, well below target and requiring 50m tonnes of grain imports to make up the deficit.

The experts believe Soviet farmers will need to excel themselves before the month is out or the whole harvest could suffer. The country takes a holiday on May 1 and then celebrates anew on May 8, the anniversary of the end of the

Second World War in Europe. Between the two dates little work is likely to be done and by the second week in May it will already be too late to get the required amount of sowing done.

In some areas of European Russia farmers are simply not working the fields. Some of them, in the view of Western agricultural experts, are justified in not committing tractors of doubtful vintage to the mud. Others are just shirking. Sowing rates have picked up slightly in the past two weeks but still lag far behind previous levels.

Farmers in Kuban, near Stavropol, the Soviet leader Mikhail Gorbachev's home region in the northern Caucasus, have made good progress, according to Soviet newspapers. Reports from other areas are less encouraging. Moldavian farmers were 20 days behind schedule, the government daily Izvestia reported yesterday.

The sowing of other spring crops, such as cotton and sugar beet, appears to be proceeding slightly faster but is still slightly below planned levels.

## Turkish envoy walks out

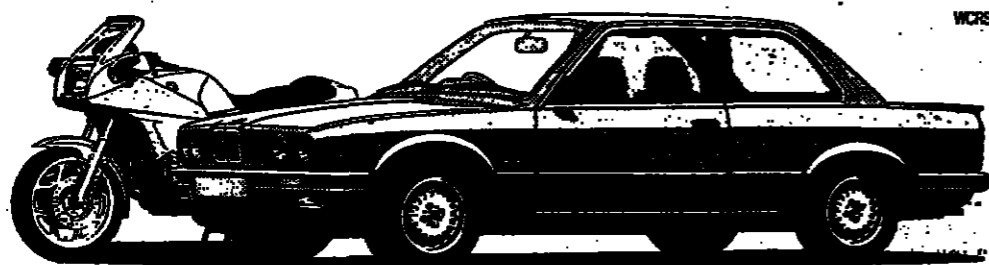
TURKEY'S representative to the Council of Europe, Mrs Filiz Dimmen, walked out of a ministerial meeting in Strasbourg yesterday when Turkey was denied presidency of the 21-nation body, AP reports.

The committee of ministers decided the previous night to shelve Turkey's request for the six-month rotating presidency for at least another year. The request, made on Turkey's behalf by Herr Hans Dietrich Genscher, the West German

Foreign Minister, did not win the required 11 votes in the committee.

The key opposition is understood to have come from Mme Catherine Lalumière, French Secretary for European Affairs, Greece and the Scandinavian countries also voted against.

Turkey withdrew its Foreign Minister from the committee last autumn when the presidency went to West Germany and later threatened to recall its representative here if the request was denied again.



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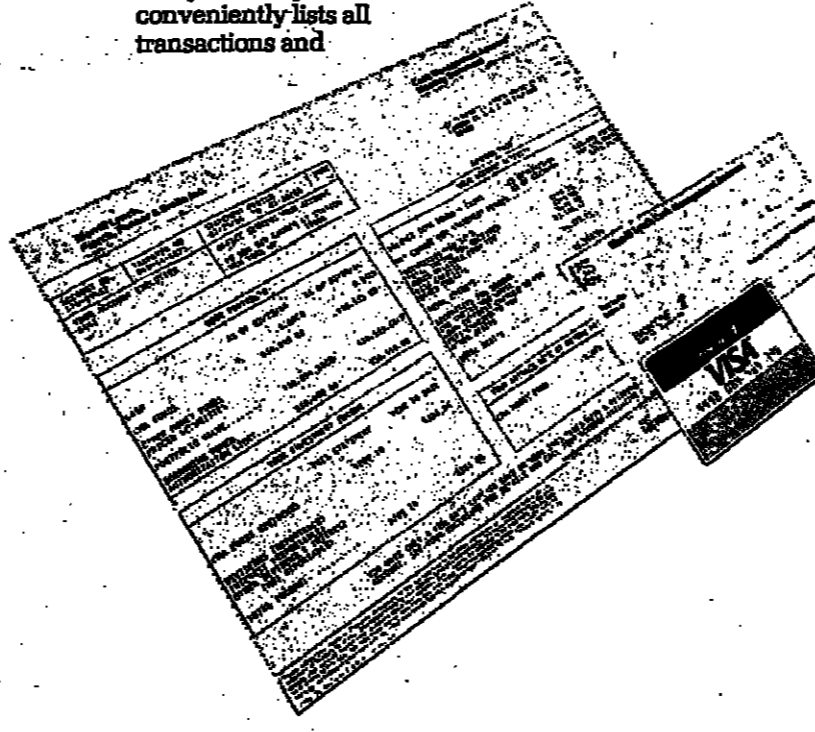
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## OVERSEAS NEWS

## Assad calls for intensified attacks on Israeli troops

BY OUR MIDDLE EAST STAFF

PRESIDENT Hafez al-Assad of Syria yesterday urged Moslem guerrillas in the south of Lebanon to step up their attacks on Israeli forces. He was quoted by Beirut newspapers as telling a meeting of Lebanon's main Moslem leaders in Damascus that "the south has become Israel's Vietnam."

"No effort should be spared to support the nationalist resistance until the Israeli enemy is driven out of all Lebanese territory," said President Assad.

During the talks in the Syrian capital, Mr Rashid Karami agreed to withdraw his resignation as Prime Minister of Lebanon. "We cannot afford a government crisis while part of the country remains under occupation," he declared.

Mr Karami resigned last week in protest at the fighting in West Beirut which resulted in Shi'ite and Druze fighters taking over positions held by the Sunni Moslem militia backed by Palestinians.

It was claimed in Damascus that there had been a broad measure of agreement on the need to institute a new security system in the western half of Beirut and to dismantle the "Green Line" which separates it from Christian East Beirut. There were also discussions on the situation in the southern

The 20-man crew of a Greek-owned freighter which sank after an explosion in the Red Sea arrived safely in Jeddah yesterday, shipping sources told Reuters in Bahrain. Officials said the 16,270-ton Mariner II probably hit a floating mine at the northern end of the Red Sea on Tuesday. A spate of underwater explosions was reported in the Red Sea last year, leading to an international hunt for mines, though no ships were sunk.

Jordan's King Hussein and Oman's Sultan Qaboos yesterday joined President Hosni Mubarak to inaugurate a ferry service between Egypt and Jordan across the Gulf of Aqaba, AP reports from Nuweiba, which is the Egyptian terminal.

port of Sidon, the scene of intermittent fighting for the past three weeks. The Christian militias which had been shelling the eastern suburbs have now withdrawn and are understood to have redeployed in East Beirut.

In the Lebanese capital itself, Christian and Moslem militiamen battled along the city's

demarcation line yesterday and at least seven people were reported killed in rocket and shell fire that hit residential areas.

Christian and Moslem fighters clashed for several hours before dawn along the Green Line and the battles flared again around noon after a morning lull.

Israel is meanwhile believed to be on the point of ordering its troops out of Tyre, following its withdrawal from the Bekaa Valley the previous day. A Cabinet meeting in Jerusalem on Sunday agreed that all Israeli forces would be out of Lebanon by early June.

The success of the Syrian regime in persuading Mr Karami to stay on as Prime Minister does not appear to have been matched by any more fundamental agreements between Lebanon's factions.

Mr Abdel-Halim Khaddam, Syria's Vice-President with special responsibility for Lebanese affairs, said yesterday only that he was optimistic that all Moslem members of the cabinet would attend the next meeting. There was no indication however that the setback suffered by the Sunni Moslem community last week was to be reversed, other than through the establishment of a committee to oversee security in the western half of the capital.

## Sudan to renew links with Libya

By John Murray Brown in Khartoum

SUDAN'S military Government, which is pursuing better relations with Libya, Ethiopia and the Soviet Union, has restored diplomatic links with Tripoli after a four-year break.

Relations with the three countries sharply deteriorated during the rule of former President Jaafar Nimeiri, overthrown by a civilian-backed military coup earlier this month. At the same time, ties between Sudan and the U.S., the country's leading aid donor, grew closer, reflecting Washington's belief that a pro-Western Sudan was essential to Western interests in the region.

The resumption of diplomatic relations with Libya was confirmed by Brig Gen Fadalla Barma Nahir, a member of the 15-man transitional military council, on his return from a three-day visit to Tripoli.

Closer relations between Sudan, Libya and Ethiopia could have a significant impact on anti-government forces in all three countries. Gen Faris Abdella Hoss, another member of the council, last week said in the southern town of Juba that expelled political movements operating out of Sudan would be banned if other countries followed suit.

## Protectionism assailed at Bandung

BY KIERAN COOK IN BANDUNG, INDONESIA

REPRESENTATIVES from 80 Asian and African countries yesterday issued a strong attack on economic protectionism by industrialised countries and called for radical solutions to debt problems in the Third World.

The delegates, ending a special two-day commemorative meeting to mark the 1955 Asia-Africa Conference, which is seen as laying the foundation for the establishment of the Non-Aligned Movement, also appealed for urgent action over what they described as the

economic and social crisis in Africa.

The original Bandung meeting was the first time that the newly independent Afro-Asian states spoke with one voice on such problems as the nuclear arms race, racialism and colonialism.

At this meeting despite broad agreement on general economic issues, there were, however, wide differences on political issues. The final declaration made no mention of many of the political questions affecting Asia and Africa.

Afghanistan and Kampuchea were not mentioned nor were the conflicts going on between many African countries. Delegates did, however, agree on independence for Namibia and on a strong attack on what was called Israel's racist and brutal policies against the Arab people.

Much of the attention of delegates focused on matters outside the conference hall. The news that Prince Norodom Sihanouk wished to resign as head of the coalition fighting the Viet namese in Kampuchea caused a

stir. There was also intense interest in the first official contact in nearly 20 years between Indonesia and China. Indonesia suspended its relations with China in 1967 after accusing it of being behind an attempted communist coup.

Throughout Indonesia, the host country, managed to maintain a festive atmosphere with delegates at one stage being treated to a display of dancing by groups of girls in Islamic dress.

## African Development Bank chief challenged

BY PETER BLACKBURN IN ABEIDJAN

AFRICAN Development Bank president, Mr Wila Mung'omba of Zambia, faces a stiff challenge from three French-speaking West African rivals as he seeks re-election to one of the continent's leading non-government posts.

The Abidjan-based bank, the most important pan-African development financing institution, lends nearly \$1bn (\$816m) a year, and the elections due to be held during the annual meeting in Brazzaville in the second week of May will be the subject of much manoeuvring at the highest political levels among the 50 African and 23 non-African members.

Mr Mung'omba, a 45-year-old lawyer turned banker, has had a successful term of office since being appointed as a compro-

mise candidate in 1980 to replace a deadlock between two French-speaking candidates.

During his presidency bank membership has been extended to include non-African members. This facilitated the doubling of the bank's capital to \$5.2bn as well as the award of two Triple A credit ratings.

As a result the bank has gained improved access to international capital markets which has helped finance a nearly two-thirds increase in annual lending over the past five years.

But the bow-tied Mr Mung'omba has been criticised for a playboy image fostered by frequent jet setting across the continent, running up heavy expenses and neglecting the routine management of the

bank.

Mr Mung'omba's main challenger is the bank's Senegalese vice-president for finance, Mr Babacar N'Diaye, who is seen as providing both "continuity and change". Regarded as a "banker's banker", Mr N'Diaye has successfully managed the rapid expansion in bank borrowing which reached a record \$738m last year. Mr N'Diaye enjoys the possible crucial support of the largest voter, Nigeria, which engineered Mr Mung'omba's election in 1980 but has now crossed linguistic lines. Unlike Mr Mung'omba, Mr N'Diaye is bilingual.

However, critics point out that despite his international financial links Mr N'Diaye, who has spent his entire 20-year career within the bank, may

lack the broad experience and political stature needed for the presidency.

A possible compromise candidate is the French-backed M Pierre-Claver Damiba, of Borkino Fasso, as the United Nations Development Programme's regional director for Africa and former president of the Lome-based West African Development Bank. Mr Damiba is widely experienced and well-known both internationally and on the African continent.

The final candidate, M Nicéphore Soglo, of Benin, is an executive director of the World Bank representing 24 African countries. He is regarded as an outsider who may attract votes from the more radical African states.

THE MALAYSIAN FEDERATION  
Building bridges across a thousand miles of sea

BY WONG SULONG IN KUALA LUMPUR

THE DECISIVE intervention of Datuk Musa Hitam, acting Malaysian Prime Minister, in squashing a political coup and allowing Datuk Pairin Kitingan, the rightful victor in last Sunday's elections in the oil-rich east Malaysian state of Sabah, to become the state's Chief Minister has far-reaching implications for the future of the Malaysian federation.

This week's events represent a triumph for parliamentary democracy at a time when Malaysian opposition parties are beginning to lose faith in ever obtaining power through the ballot box, and a new and more realistic relationship appears to be emerging between the federal Government in Kuala Lumpur and the traditionally troublesome eastern states of Sabah and Sarawak.

For the greater part of Monday, the Sabah capital of Kota Kinabalu was a ghost town as residents remained behind doors or fled the city as tension mounted to a dangerous point.

The drama began before dawn, as the 63-year-old Tun Mustapha, leader of the United Sabah National Organisation (USNO), made a desperate bid for power.

Tun Mustapha's iron rule as Chief Minister for nine years to 1976 still brings back bitter and fearful memories among many Sabahans.

In Sunday's state elections the USNO obtained only 18 of the 48 seats contested, and yet Tun Mustapha succeeded in persuading the Governor to swear him in as Chief Minister on the grounds that he would form a coalition with the ruling Berjaya Party which was swept out of power when it secured only six seats.

As Chief Minister, Tun Mustapha would be entitled to nominate another six state Assemblymen, thereby giving the coalition 28 members as opposed to the 26 seats won by Datuk Pairin's newly formed Party Bersatu Sabah (PBS).

By refusing to recognise Tun Mustapha's political coup, the federal Government averted a potentially explosive crisis that might have led to factional violence and the possible undermining of the foundations of the Malaysian Federation.

Tun Mustapha held out for 15 hours, but Datuk Pairin was sworn in on Monday night. With his ascension, the Kadazans, the state's largest racial group, gained power for the first time in the 22 years since Sabah became part of the Malaysian Federation.

Datuk Pairin, a 45-year-old, Australian-trained lawyer, is the acknowledged leader of the Kadazans, who are largely Christians, but is no racist. His statements on assuming leadership were reassuring to the Moslem communities who had voted for the USNO and one of his first acts was the formation of an eight-member multi-racial Cabinet, which has two Malay ministers.

He also quickly announced that his party would apply to join the ruling National Front coalition at federal level. This is likely to be accepted, despite the fact that National Front leaders, including Prime Minister Mahathir, had some pretty harsh things to say about the PBS during the election campaign.

Separated from the Malaysian mainland by more than 1,000 miles of the South China Sea, Sabah and Sarawak have always posed special administrative and political problems for federal



Prime Minister Mahathir

leaders. Nevertheless, the Government in Kuala Lumpur has consistently triumphed over its distant states, often intervening to install amenable administrators there and stamping out any moves towards secession.

On the other hand, the two states have managed to retain a fiercely parochial outlook and a good degree of autonomy.

By accepting a Kadazan-dominated state Government, the federal authorities have finally broken through the very important psychological barrier which has been the root of much friction and distrust between mainland Malays and the non-Moslem indigenous communities in eastern Malaysia.

The mainland Malays, who dominate the federal Government, have long striven to ensure that eastern Malaysia is controlled by Malays, without giving sufficient weight to the fact that the Malays and other Moslems form only 40 to 45 per cent of the east's 3.2m people.

The Pairin Government obviously poses little threat to the continued dominance of Malay power in Kuala Lumpur, but has denied the Kadazans in Sabah the political power that should come with their numbers, would have meant that Sabah could still only be controlled through nimbly shifting political alliances and federal pressure, which is always resented.

The ground rules are now clear: Malaysian territorial integrity cannot be questioned, but within the federation, Kuala Lumpur, will allow reasonable free play of democratic forces, including some dissent, while encouraging racial and national integration.

Datuk Pairin will be no doubt adopt a stronger state-rights stand towards Kuala Lumpur compared with the previous Government. He can be expected to demand a greater share of the state's oil wealth, of which Sabah currently gets only 5 per cent.

The presence of an estimated 150,000 illegal Filipino and Indonesian migrants in Sabah will also be a thorny issue between Datuk Pairin and the federal authorities. It is partly because of fears of being swamped by immigrants that the Kadazans and the Chinese turned to PBS.

Sabah is often described as Malaysia's Wild East or Little Texas because of its rich resources and rough politics. If the federal Government and Datuk Pairin can work together, indications are that they will, Sabah's politics will be less rough and a breakthrough would be achieved in the long haul towards national integration.

# "Democracy is strongest where the voter is closest to the seat of power."

These words were spoken by Lord Elton, the Government's Minister opening the debate on the Bill to abolish the Metropolitan County Councils.

A Bill which would break the direct link between the local voters and those responsible for running local services.

A Bill which would mean:

— Joint boards of appointed councillors to run police, fire and transport services, under the control of the Secretary of State.

— Local control over planning and highways being subject to "guidance" enforceable by the Secretary of State.

— The creation of 55 non-elected bodies and 123 controls for the Secretary of State.

All previous reorganisations in local government were preceded by inquiries which did not favour such arrangements.

This time there has been no inquiry.

Respondents to the Government's proposals overwhelmingly rejected them.

And had their views rejected.

The claimed benefits of abolition have been revealed as illusions by independent consultants.

Opinion polls show the people of the metropolitan areas to be decisively against the Government's proposals.

But the Government continues on its chosen course to create what one member of the House of Lords described as:

"Government from Whitehall, by Whitehall, and even perhaps for Whitehall."

But that's not surprising.

After all, how close is the Secretary of State to the local voter.

## Abolition-at any cost?

ANY INFORMATION ABOUT THE ISSUES OR FACTS RELATING TO ABOLITION MAY BE OBTAINED FROM THE METROPOLITAN COUNTY COUNCILS OF GREATER MANCHESTER, MERSEYSIDE, SOUTH YORKSHIRE, TYNE AND WEAR, WEST MIDLANDS AND WEST YORKSHIRE.

## AMERICAN NEWS

## Reagan vows to continue fight for 'contra' aid

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday refused to accept defeat in his frustrated bid to supply new U.S. aid to the anti-government "contra" rebels in Nicaragua, saying that he intended "to return to Congress again and again to seek a policy that supports peace and democracy."

Leaders of both parties said it was too early to say whether aid for the "contras" was now a dead issue, despite Wednesday night's stinging rebuff for Mr. Reagan in the Democratically controlled House of Representatives.

"This doesn't end it. I wish it did," said Mr. Tip O'Neill, the House Speaker, one of the principal architects of Mr. Reagan's defeat.

In a bizarre series of votes, the House finally killed all plans for \$14m (\$11.4m) worth of aid

to the "contras" in the current fiscal year, including a Democratic-sponsored alternative that it had first approved.

Mr. Reagan denounced the outcome which left his Nicaragua policy in shambles, as damaging to national security and foreign policy goals.

House Republicans said that they might try to revive the aid plan before the fiscal year ends on September 30, and would seek approval of Mr. Reagan's request for \$28m in military support for the rebels in fiscal 1986.

Many members, however, agreed with Mr. Edward Markey, a Massachusetts Democrat, who said after the voting that it would now be difficult if not impossible for Congress to consider military aid to the rebels as a future option.

In the first of three votes, the House approved, by 219 to 206, a Democratic proposal that would have provided \$10m for refugees outside Nicaragua and \$4m for the four Central American countries (Mexico, Venezuela, Colombia and Panama) to implement a peace treaty.

The House then narrowly defeated, by 213 to 219, an alternative backed by Mr. Reagan that would have given the \$14m directly to the "contras" for humanitarian aid. In a final vote, however, the House reversed its earlier action and defeated, by 219 to 206, the plan it had adopted in the preliminary vote.

The turnaround came partly among liberal Democrats, who had never been happy with the aid plans, on the grounds that they could lead to deepening

U.S. involvement in Central America and the possible dispatch of U.S. combat forces. Republicans finally voted against the Democratic plan, which contained an open-ended ban on future U.S. aid to military and para-military forces in Nicaragua, believing that it effectively abandoned the "contras" to their fate.

The voting prevented further legislative action on a compromise proposal adopted by the Senate on Tuesday night, which would have supplied the "contras" with \$14m in "good, clothing and other assistance," but not weapons of war.

Mr. Jim Wright, the Democratic House majority leader, said he hoped that the House's action would give both the Sandinista Government and the Reagan Administration a "good

little breathing spell that might give both sides a cooling-off period."

Tim Cooney in Managua writes: Father Miguel D'Escoto, Nicaragua's Foreign Minister, described the congressional decision as "an historic vote." The vote represents "an important victory for the millions of Americans who wish to have a Congress of which they can feel proud," he said.

President Daniel Ortega has meanwhile announced that the Government has information that three U.S. military aircraft are being prepared in Honduras to attack targets in Nicaragua. An A-37 jet aircraft of the U.S. air force crashed off Northern Honduras last week, which forced the first public admission that U.S. combat aircraft were present in Honduras.

## Imperial Oil optimistic about Arctic discovery

By Bernard Simon in Toronto

A NUMBER of recent discoveries have raised hopes of developing a commercial oil field in the Beaufort Sea region of the Canadian Arctic by the early 1990s.

Mr. Arden Baynes, chairman of Exxon's Canadian subsidiary Imperial Oil, expressed optimism about a small-scale commercial operation following release earlier this week of Imperial's latest Arctic drilling results. Gulf Canada announced last autumn that its preliminary tests in the Beaufort pointed to a substantial oilfield.

Imperial said that an on-shore test well 16 km south of the Hamlet of Tuktoyaktuk yielded about 1,000 barrels a day of light gravity crude oil.

Mr. Baynes said that pipeline recently built from Alberta to Imperial's oilfield at Norman Wells in the Northwest Territories could easily be extended to the Beaufort Sea.

Gulf's offshore discovery, about 75 km north of Tuktoyaktuk, indicated a potential production of 15,000 b/d.

Mr. Barry Carlyle, president of Gulf Canada resources said: "We're highly optimistic about this, but one swallow doesn't make a summer."

## Sarney faces threat after call for early presidential poll

BY ANDREW WHITLEY IN RIO DE JANEIRO

A NEW and dangerous threat to the power of Brazil's new President Sr. Jose Sarney has come from an unexpected quarter—Sr. Aureliano Chaves, the powerful Mines and Energy Minister in the Government and vice-president in the former Figueiredo administration.

Sr. Chaves, a political heavyweight in the ruling Democratic Alliance coalition, who had high hopes of being president Figueiredo's successor, has come out firmly in favour of direct presidential elections in November 1988, rather than 1985 as presently envisaged.

By pressing for fresh elections so soon—in which he is likely to be a candidate—Sr. Chaves has put himself on a collision course with President Sarney and the military which is behind him. He has also, in effect, allied himself to Sr. Leonel Brizola, the Rio de Janeiro governor and the left-wing Workers Party. Both have called for elections next year.

This new source of pressure on the already uncertain Government of President Sarney was revealed yesterday, just hours after the burial on Wednesday night of the president-elect Sr. Tancredino Neves in his native town of São João del Rei.

First order of business will be the likely confirmation in their posts of the Cabinet picked by Sr. Neves to reflect the balance of forces in the Democratic Alliance as well as geographical political weight.

With the exception of a few of the closest presidential aides, all the previously-named ministers, including Sr. Francisco Dornelles, the controversial Finance Minister, are expected to be retained.

One change that will be made, however, will be the deactivation of the vice-presidential office. No successor to Sr. Sarney as vice-president is required by the constitution.

## Baker urges Europe to stimulate economic growth

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE COUNTRIES of Europe and Japan should try to "take up the slack" of world economic growth as U.S. activity starts to slow down, Mr. James Baker, U.S. Treasury Secretary, said yesterday.

But he emphasised that any stimulus should be non-inflationary. He appeared to rule out the idea of any concerted expansionary spending if this was to lead to an inflationary rise in fiscal deficits.

Mr. Baker was speaking to journalists by satellite link from Washington to the major world centres.

He said Japan's contribution to increased world economic growth would be to open up its financial and goods markets to other countries. European countries could work towards greater flexibility in their capital and labour markets.

Mr. Baker conceded that these measures would be part of a medium term strategy, but added that that was all the more reason for making a start.

However, he said changes in monetary policy could be considered, presumably a reference to the idea that European countries might cut interest rates in response to deficit cutting measures in the U.S. and a fall in the dollar.

Mr. Baker said the U.S. would be pressing its allies in next week's economic summit in Bonn to propose a definite date for a round of trade talks under the auspices of the General Agreement on Tariffs and Trade (GATT), preferably in 1986.

The U.S. Administration would need this help from the summit to resist U.S. pressures for protectionism, he said. "It is important to be able to point to

the fact that there will be a new GATT round in 1986," he added.

He reassured that the discussions on world monetary reform which he had proposed should not be made a precondition for trade talks.

The talks, based on proposals being formulated by the Group of Ten industrial countries, would be within the context of existing monetary institutions, he added.

## Garcia groomed to take over reins of power

PERU'S OUTGOING President Fernando Belaunde Terry has begun briefing Sr. Alan Garcia, the man considered certain to be his successor following the April 14 elections. Sr. Garcia, who heads the centre-left opposition party, Apra, has obtained 48 per cent of the vote already counted.

However, the final result is not expected until early May and it is still considered possible that Apra (Alianza Popular Revolucionaria Americana) might obtain a clear majority thus avoiding the need for a run-off.

Even without a run-off, required by the constitution when there is no majority, President Belaunde is working on the assumption that Sr. Garcia will take office on July 28.

In the wake of the election, Sr. Belaunde has made it clear he intends to conduct an orderly transfer of power and ensure that the incoming government is informed well in advance of the state of the nation. He has also promised to brief the runner-up to Sr. Garcia, the Marxist mayor of Lima Sr. Alfonso Barrientes, who headed the broad left coalition, Izquierda Unida.

As a sign of the informal exchange of information, Sr. Juan Inchaustegui, the Energy Minister, has passed on to Apra a draft exploration agreement just initiated by Petroperu, the national oil company, and Continental Oil. Oil contracts have traditionally aroused polemics in Peru because of the fear of conceding too favourable terms to foreign oil companies.

Apra has already won a majority in both Houses of Congress as a result of the election. If a second round is held in the presidential election, Apra should receive at least an additional 17 per cent more of the total votes from electors who voted for the centre right candidates. Sr. Luis Bedoya and Sr. Javier Alva Orlandini in the first round. Izquierda Unida as runner-up has won an estimated 20 per cent of the Congress membership, and has already said it will remain in opposition during an Apra Government.

Sr. Garcia, with his slogan "my commitment is to all Peruvians," has won a majority of votes in every region other than the departments of Arequipa and Huancavelica in the southern Andes where Izquierda Unida took the majority. Huancavelica is in the emergency zone controlled by the military in its fight against the fanatical Maoist guerrilla group, Sendero Luminoso, (Shining Path).

Apra, weak in administrative experience, and anxious to erase its traditional image of a closed sectarian party, is inviting uncommitted technocrats to join the government team.

Sr. Manuel Moreyra, president of the Central Bank from 1978 to 1980, is expected to be the incoming Government's Finance Minister. He is expected to head a delegation to Moscow later this month to renegotiate the \$1,000m (£770m) Soviet debt contracted through the purchase of military equipment during the 1970s.

Sr. Alfonso Grados Bertorini, Labour Minister during the first part of the Belaunde Government, is expected to be given the chance of repeating his success in negotiating agreements between people and labour unions most of which are run by the communist led CGTP.

This is going to be a crucial post given the large number of



Sr. Garcia... promises a nationalistic democratic and popular government

Doreen Gillespie assesses the problems awaiting Peru's new leadership

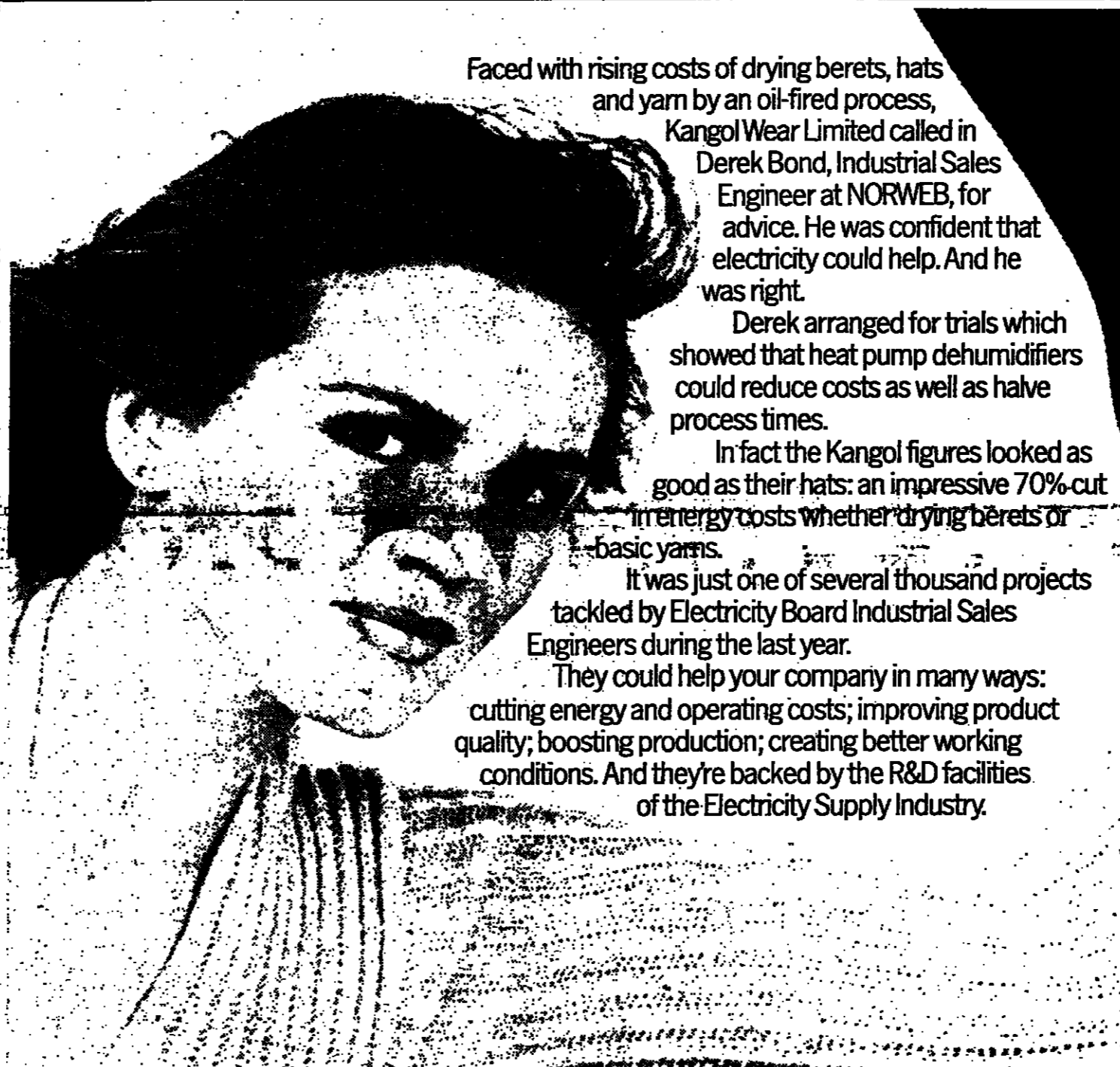
strikes on hand with workers protesting their loss of purchasing power under 130 per cent inflation.

Until now Sr. Garcia, aged 35, has put all his energy into winning the elections and has been vague about policies. However, in the past ten days he has begun to clarify some essential positions, especially on Peru's \$13bn foreign debt. Sr. Garcia has said his government would seek to bypass the International Monetary Fund, which he calls an intermediary, and deal directly with the creditors.

He is known to feel that Peru's domestic problems are so serious that it cannot afford to make more than token repayments on its debt. Although this has been presented by some as a more radical approach than the present government, in practice President Belaunde has only been paying those arrears it feels essential without making a big public fuss.

Sr. Garcia has also said his government will welcome foreign investment on terms beneficial to Peru and that a clear open dialogue is necessary with the U.S. but on terms of equals. In private, Sr. Garcia has said that although he waves a nationalistic flag he realises the importance of attracting investment. He describes his planned government as nationalistic, democratic and popular. Apra will have to live with the 1985 budget approved by the Belaunde government at the end of last year and apparently intends to use the little money available for public spending on projects in Peru's poorest regions—the departments of Puno and Ayacucho, Sendero's main headquarters. Apra has been vague on plans for dealing with the terrorist guerrillas except to say that this is in the hands of the armed forces.

Sr. Garcia, whose path to the presidency has included smoothing out an age-old running feud between the armed forces and the 60-year-old party, said he expected to reduce Peru's defence spending through promotion of Latin American integration. This, he said, would eliminate competition between neighbouring countries to keep up with each other's arms purchases.



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## WORLD TRADE NEWS

## Austria bid to attract more hi-tech companies

By Patrick Blum in Vienna

THE AUSTRIAN Government will promote research and manufacture in hi-tech and genetic engineering by extending a programme launched last November to aid high-technology industries.

The original programme made available Sch 1bn (£39m) to help companies which are either already locally based or which might want to establish themselves in Austria to research, develop and manufacture new high-technology products, especially in micro-electronics, but also in computer-aided design and manufacturing.

Officials say that there has been a good response to the programme so far with about 50 requests, half of these for micro-electronics, from local and foreign companies.

These include British and West German companies, and all are on a short list of investment projects estimated to be worth about Sch 1bn, with subsidies of about Sch 250m.

A decision on some of these projects is expected in the coming week.

The Government is not providing additional finance for the time being for biotechnology and genetic engineering, but officials say that there is still plenty of money available from the original programme.

Herr Ferdinand Lachner, Minister for Transport and the Nationalised Industries, with additional responsibilities for new technology, says that offers for biotechnology and genetic engineering will be open to companies from the beginning of May.

## HAWKER SIDDELEY ANALYSIS OF LOST RAILWAY ORDERS

## How Britain is 'being gazumped' in world markets

BY CHRISTIAN TYLER, TRADE EDITOR

BRITISH exporters are being "gazumped" by foreign governments in the international bidding for big contracts in developing countries, according to a private analysis by the Hawker Siddeley Group.

The company blames the British Government for failing to match the generosity and "flexibility" of France, West Germany, Japan, Canada—and to a lesser extent the U.S.—in offering soft loans and tied aid in support of their own exporters' tenders.

In a review of 29 contracts worldwide for railway locomotives, Hawker Siddeley says its Brush Electrical Machines subsidiary "definitely" lost five orders for lack of matching financial help from Whitehall.

In 11 cases, the company was not even invited to tender because other governments had the customer "sewn up" with a soft credit package.

British industrialists' complaints about the British aid-and-trade programme are not new. But Hawker Siddeley may be the first company to have produced evidence to back up those complaints.

Large British contractors and their supporters in Parliament are becoming increasingly vociferous about what they allege is an "ambivalent" Government policy towards aid for capital goods exports.

On Wednesday, Mr. Paul Channon, UK Trade Minister,

HOW SOME RECENT RAILWAY CONTRACTS WERE WON						
Customer	Requirement	Approx. value	Evaluation	Financial	Award	Hawker Siddeley/Brush involvement
Egyptian Railways	104 Mainline Co-Co locos (3 sep. orders)	£40m	Negotiated contract (No international tender)	Soft, long term credit	Thyssen-Henschel (W.G.)	Attractive finance. Not invited to participate
East Africa (Kenya, Uganda & Tanzania Railways)	74 Gen. purpose locos (4 sep. orders)	£30m	3 negotiated contracts & 1 int'l tender	Soft, long term credit	Thyssen-Henschel (W.G.)	Attractive finance. Disto
East Africa Railways	36 Mainline locos	£18m	International tender	Long term interest free credit	Bombardier (Can.)	Attractive finance. Quoted & shortlisted
Iran Railways	72 Mainline locos	£40m	International tender	Cash terms	M.T.E. (Fr.)	Political pressure & armament deal. On shortlist of 3
Susan Metro, S. Korea	Turnkey project for Metro		International tender		Hitachi (Jap.)	Political pressure ensured business placed in Japan. Brush/H.S. were close to receiving order
Turkish Railways	50 Gen. purpose locos	£20m	International tender	Long term soft credit	Krauss Maffei (W.G.)	Attractive finance & political pressure. Brush price & tech. offer no. 1 but finance not equal to German

Source: Hawker Siddeley

The criticism is aimed primarily at the Treasury, despite assurances from the Chancellor and other Ministers that Britain will not disarm unilaterally in the soft credit war while seeking international agreement to limit or end it. The Treasury has invited companies to submit evidence.

On Wednesday, Mr. Paul Channon, UK Trade Minister,

defended the Government's record. He said the Government was committed to helping exporters win orders for large projects, by means of ministerial visits abroad, the aid-and-trade provision of the aid budget, and "in the fields of marketing, pre-contractual assistance, and project finance."

But he added that the help had to be subject to certain

limits, "not least of which are the need to keep within the bounds of public accountability. Hawker Siddeley managers say they believe France, West Germany and Canada have a specific policy to support their railway industries."

The company claims it has a worldwide reputation for technical excellence and world-competitive prices, pointing to

a recent order for 22 locomotives for New Zealand won against full competition where no aid or special financing was called for.

It goes on to identify West Germany, Canada and France as principal suppliers of tied aid to win orders in Africa and Asia. But UK bilateral aid was not tied to the purchase of specific goods, except in the

case of India.

Other governments were also offering "pre-emptive" aid, whereas the UK would match but not initiate—a policy that the company says had cost its Brush subsidiary "a number of orders."

The West German Government had pre-empted the UK for a Turkish order for 50 locomotives worth £20m, and the French had not been matched by the UK on a Jamaican order for six, Hawker goes on.

A further complaint is that the UK will offer aid, plus separate finance at the internationally agreed concessionary interest rates.

But competitors are offering a mixed-credit package where the aid is used to cut interest rates and extend the term of the loan even further.

The paper quotes a West German mixed-credit package for Turkey repayable over 30 years with a 10-year grace period, compared with a UK offer of fixed aid and credit at 11.35 per cent payable over 10 years.

The paper concluded that the way the government uses its bilateral aid-and-trade programmes "effectively precludes British companies from a number of markets."

## French win \$40m oil pipeline contract

By Our Trade Staff

SOCIÉTÉ d'Auxiliaire d'Entreprise (SAE), the French construction company,

has been awarded a \$40m (£33m) contract to build an oil pipeline in Colombia.

The contract is the latest international deal to be announced in connection with two pipeline projects currently under way in Colombia.

The SAE deal provides for construction work on a 228 km pipeline linking oil fields in Colombia's Casanare Province in southern Colombia with an existing pipeline, which connects the Central Rio Magdalena valley with the port of Santa Maria.

Full details of the deal were not announced, but the contract is a boost for French companies, which have been bidding for work on several Colombian pipeline projects.

Bechtel, the U.S. engineering and construction concern, recently was awarded a large contract to build a 500 km pipeline across the Andes in the northern part of the country.

The Bechtel deal calls for a pipeline to connect with the inland centre of Rio Zulia with the Caribbean port of Covenas. Bechtel won the deal after tough, price-cutting competition with CITI-Enteque, a subsidiary of Valour steel of France.

The negotiating price was valued at \$500m, but the final contract price is reckoned to be much less. Also building the first phase of the Rio Zulia pipeline is Mannesmann of West Germany.

● The Abu Dhabi public works department has invited tenders by June 24 for the second of six contracts to build a new international airport at Al-Ain, 150 km east of Abu Dhabi, officials said, Reuter reports.

The 30-month contract covers paving of a 4 km runway, aprons and roads, and water, sewage and irrigation facilities. The estimated cost is \$100m (£83m).

## Canada-China venture

BY BERNARD SIMON IN TORONTO

POLYSAR, the state-controlled Canadian synthetic rubber producer, and Gao Gao petrochemical of Shanghai have formed a joint venture to expand production and marketing of synthetic rubber latex in China.

Under the first phase of the partnership, Polysar will supply technology to treble the capacity of Gao Gao's Shanghai plant

from its present limit of 1,000 tonnes of carboxylated latex a year. Most of the increased output will be used by the domestic Chinese paper coating industry.

The companies have also agreed to study the feasibility of building a new 10,000-tonne a year plant in Shanghai to supply markets in China and other countries in the Far East.

## Mitsubishi in power-plant deals

MITSUBISHI Heavy Industries has won orders for a thermal power plant worth about ¥10bn (£31m) from the China National Technical Import Corporation and a geothermal power plant order of about ¥1.5bn from Chevron Resources Co of the U.S.

Reuter reports from Tokyo.

The China plant, with 300,000 kilowatt power capacity, will be delivered in 20 months to a power station in the Jinan district of Shandong Province, it said.

The Chevron order, placed through Mitsubishi Corporation, is for a 17,000 kw plant to be built at Beowawa, Nevada. It should begin operations by the end of 1985, it said.

Mitsubishi Motors has set up a U.S. subsidiary in Philadelphia to market medium and small-sized diesel-engine trucks from next year, AP-DJ adds.

Tosco Truck America, capitalised at \$2.1m (£1.75m), will begin organising dealer networks from June. The company will initially sell medium-sized trucks and smaller trucks in one or two years' time. The sales target would be 5,000 units annually, the company said.

● Trade between the U.S. and China grew by 19 per cent in January and February, compared with the same two-month period of 1984, the U.S. Embassy reported yesterday, AP-DJ reports.

Volume for the two months totalled \$1.69bn (£974m), compared with \$978.8m a year earlier.

U.S. exports climbed 27 per cent while imports of Chinese goods rose 13 per cent, showing the U.S. deficit to \$85m from \$128.8m in the same period last year.

After the 1984 expiration of the Sino-U.S. grain agreement, U.S. exports of wheat slumped to \$22.7m in January and February, compared with \$114.5m a year earlier.

Non-agricultural goods accounted for 93 per cent of U.S. exports, led by fertilisers, mining machinery, computers and railroad equipment and other equipment.

● Foreign investment in Shanghai last year amounted to \$440m (£366m), a five-fold jump over the year before, according to Mayor Wang Daohua, the New China News Agency says.

## Romania signs barter deal with Australia

Romanian government officials have signed a barter deal for 53m metric tons of iron ore over 15 years from Western Australia, AP-DJ reports from Perth.

The agreement will allow the opening of a new \$350m (£218m) mine at Marandoo on a joint venture basis by CRA and Hancock Prospecting.

Under the agreement, the Romanian Government will provide mining equipment, railroad freight cars and other equipment to develop the mine.

In return, it will receive initial shipments of 1m tons of iron ore in the initial years, building up to a minimum of 5m tons annually.

Law changes could hurt a U.S. dependency's investment policies  
Tax reforms spell trouble for Puerto Rico

BY CANUTE JAMES

THE GOVERNMENT OF Puerto Rico is running headlong into proposed changes in U.S. tax laws, which could prevent it from maintaining its trade relations with its Caribbean neighbours.

The U.S. dependency has been successful in recent years in boosting investment in other West Indian countries from companies based in Puerto Rico.

Under the first phase of the Puerto Rican-based "offshore" plants based in such countries as Haiti and the Dominican Republic have served as production centres for semi-finished goods shipped back for finishing in Puerto Rico, prior to re-export, mainly to the U.S. mainland.

The ability of the dependency to maintain this practice has come under threat because of proposed elimination of some U.S. tax exemptions affecting offshore investment.

The focal point of the problem is Section 936 of the Internal Revenue Code which provides for the tax exemptions which have enabled Puerto Rico to build up investment and to have its companies invest elsewhere.

The Internal Revenue, as part of its recently announced tax simplification programme, has suggested progressive elimination of tax exemptions that now allow revenues generated under Section 936 to be used outside the island.

The issue came dramatically to a head recently when Sr. Rafael Hernandez Colon, the Puerto Rican Governor, offered



to use about \$700m (£583m) from funds deposited by mainland U.S. companies to help establish factories on other islands. It is hoped the proposed tax amendments will not threaten this move, and Sr. Hernandez is anxious to press his proposal in hopes that the curbs on Section 936 will be dropped and that incentives to invest in the island will be safeguarded.

Sr. Antonio Colorado, head of the island's economic development administration, said attempts are being made to find new ways of funding "twins plant" development, as the scheme is known, in neighbouring countries.

He and other Puerto Rican officials pressed that amendment to Section 936 could bring economic devastation. Companies attracted to the island under the tax code account for about two-thirds of the island's total manufac-

ing sector net income of about \$5.5bn. They provide 45 per cent of all employment in manufacturing.

Deposits by the 631 companies operating under the code total about \$7bn, accounting for more than 40 per cent of commercial bank deposits.

The Puerto Rican Manufacturers Association says companies operating under the code make purchases worth more than \$2.2bn from the mainland each year.

A survey done by the Association indicated that 80 per cent of the companies operating in the island under the tax clause would leave, reduce their operations significantly if the incentives were eliminated.

"We gather that at least two companies are holding back on expansion in Puerto Rico, because of the doubts over the future of Section 936," Mr. John Collins, Caribbean Co-ordinator for the Economic Development Administration said.

The Manufacturers Association has forecast growth of only 1.5 per cent this year, following 4.7 per cent last year. Unemployment is officially put at 22 per cent.

Over the past four years, Puerto Rico has established 52 offshore plants—22 each in Haiti and the Dominican Republic, with others in Barbados, Antigua and St. Kitts. The plants make use of lower production costs in the other Caribbean countries in the

earlier stages of production, then have the product finished in Puerto Rico where higher levels of technology can be applied and standards maintained.

The presence of twin plants in Barbados, say Puerto Rican industrialists, contributed to a dramatic increase in that island's exports to Puerto Rico, from \$9m in 1980 to \$111.7m last year.

The governor hopes his new plan will successfully skirt the Internal Revenue reforms.

"This would liberate money that the company can use to invest outside Puerto Rico," said Sr. Colorado. "It would help the twin plant concept, and will comply with the federal legislation."

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April, 1985

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A.B.N. Bank	13%	C. Hoare & Co.	12 1/2%
Allied Irish Bank	12 1/2%	Hongkong & Shanghai	12 1/2%
Henry Ansbacher	12 1/2%	Johnson Matthey Bkrs.	13%
Amro Bank	12 1/2%	Knowles & Co. Ltd.	12 1/2%
Associates Cap. Corp.	14%	Lloyds Bank	12 1/2%
Banco de Bilbao	12 1/2%	Edward Manson & Co.	14%
Bank Hapoalim	12 1/2%	Messing & Sons Ltd.	12 1/2%
BCCI	12 1/2%	Midland Bank	12 1/2%
Bank of Ireland	12 1/2%	Morgan Grenfell	12 1/2%
Bank of Cyprus	12 1/2%	Mount-Credit Corp. Ltd.	12 1/2%
Bank of India	12 1/2%	National Bk. of Kuwait	12 1/2%
Bank of Scotland	12 1/2%	National Girobank	12 1/2%
Banque Belge Ltd.	12 1/2%	National Westminster	12 1/2%
Barclays Bank	12 1/2%	Northern Bank Ltd.	13%
Beneficial Trust Ltd.	12 1/2%	Norwich Gen. Trust	12 1/2%
Brit. Bank of Ind. East	12 1/2%	P. S. Refson	13%
Brown Shipley	13%	R. Raphael & Sons	12 1/2%
CL Bank Nederland	12 1/2%	Roxburgh & Co.	12 1/2%
Canada Permanent	12 1/2%	Royal Bank of Scotland	12 1/2%
Cayzer Ltd.	12 1/2%	Royal Trust Co. Canada	12 1/2%
Cedar Holdings	13%	Henry Schroder Wagg	12 1/2%
Charterhouse Japhet	12 1/2%	Standard Chartered	12 1/2%
Choulatons	12 1/2%	TCB	12 1/2%
Citibank NA	12 1/2%	Trustee Savings Bank	12 1/2%
Citibank Savings	12 1/2%	United Bank of Kuwait	12 1/2%
Clydesdale Bank	12 1/2%	United Mizrahi Bank	12 1/2%
C. E. Coates & Co. Ltd.	13%	Westpac Banking Corp.	13%
Comm. Bk. N. East	13%	Whiteaway Laidlaw	13 1/2%
Consolidated Credits	13 1/2%	Williams & Glyn's	12 1/2%
Co-operative Bank	12 1/2%	Winftrust Secs. Ltd.	12 1/2%
The Cornhill Bank	12 1/2%	Yorkshire Bank	12 1/2%
Dunbar & Co. Ltd.	12 1/2%		
Duncan Lawrie	13%		
E. T. Trust	13%		
Exeter Trust	13%		
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First Nat. Secs. Ltd.	14%		
Robert Fleming & Co.	12 1/2%		
Robert Fraser & Ptns.	13 1/2%		
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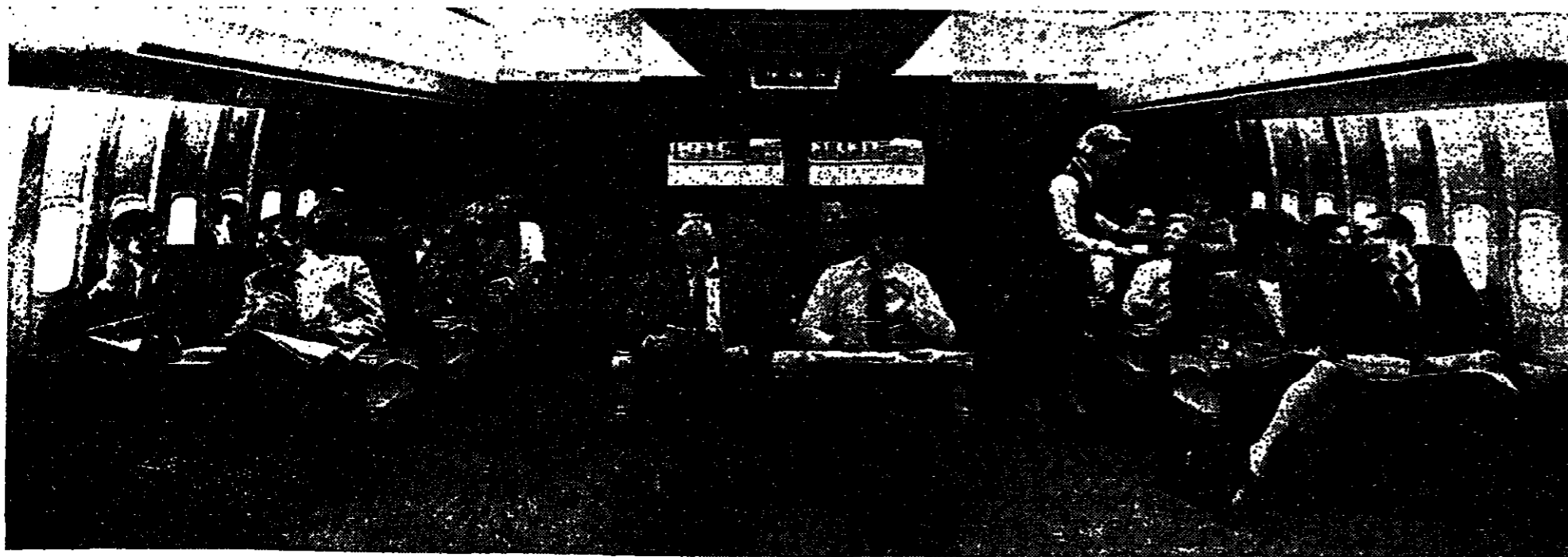
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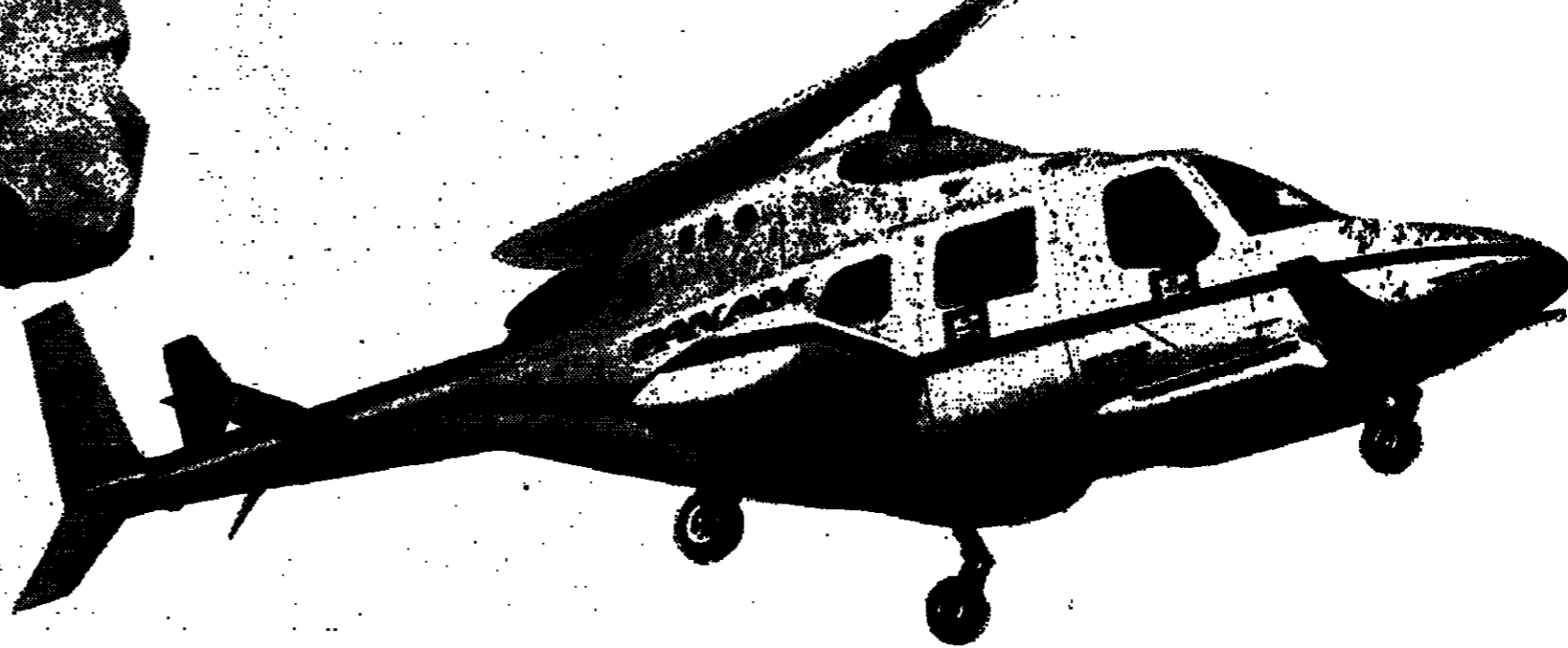


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## COPENHAGEN HANDELSBANK A/S (Aktieselskabet Kjøbenhavns Handelsbank)

**Rights issue  
of  
2,600,000 new shares of Dkr. 100  
each at a subscription  
price of Dkr. 105 per share**

In accordance with the authority given at the Annual General Meeting on 18th March, 1985 the Board of Directors of the Bank has decided to increase the share capital of the Bank from Dkr. 1,040 million to Dkr. 1,315 million by a new issue of shares. Shareholders will be invited to subscribe for 2,600,000 new shares at a price of Dkr. 105 per share whilst the staff of the Bank will be invited to subscribe at the same price for 150,000 new shares. The new shares will rank in all respects par passu with the existing shares including the right to the dividend in respect of the 1985 financial year.

Holders of shares in the Bank will be entitled to subscribe on the basis of one new share for every four shares held. Shareholders who wish to subscribe must deliver Coupon No.18 together with the appropriate payment to the head office of the Bank or to any of the Bank's branches or sub-branches. Shareholders who do not make use of their subscription rights, or whose entitlement is insufficient, may sell Coupon No.18, and the purchaser will be entitled to use this right to subscribe for new shares. The rights, in the form of Coupon No.18, will only be dealt in on the Copenhagen Stock Exchange.

The subscription list will be open from 10th May to 24th May, 1985.

Definitive share certificates will not be issued until later in the year, at which time permission will be sought for admission of the securities to listing on The Stock Exchange, London.

Copies of the prospectus and further details may be obtained from:

Copenhagen Handelsbank A/S  
Issue Department  
2, Holmens Kanal  
DK-1091 Copenhagen K,  
Denmark

Copenhagen Handelsbank A/S  
London Branch  
18, Cannon Street  
London EC4M 6GB

Listing particulars will be published prior to listing of the new shares in accordance with The Stock Exchange (Listing) Regulations 1984 and will be available at the Company Announcements Office of The Stock Exchange, London, and at the London Branch of the Bank.

Copenhagen, 26th April, 1985

**COPENHAGEN HANDELSBANK A/S  
(Aktieselskabet Kjøbenhavns Handelsbank)**



Jean-Luc Lagardère, Chairman of the Board of Hachette S.A., parent company of the largest French communications group, announced the following results for the fiscal year ended December 31, 1984.

1. The parent company's after tax profits excluding extraordinary gains increased from FF 115 million (1983) to FF 127 million (1984).

In addition, after tax extraordinary gains amounted to FF 53 million vs. 135 million for the preceding year. Consequently, total after tax profits amounted to FF 180 million in 1984 vs. FF 250 million in 1983. The high figure of 1983 is explained by the fact that capital gains were exceptionally important due to the sale of certain subsidiaries during 1983.

2. After tax consolidated earnings for the Group (not yet audited) excluding extraordinary gains will amount to approximately FF 202 million vs. FF 187 million a year ago. After tax extraordinary gains for the year will be in the range of FF 62 million vs. FF 142 million for the preceding year. As a result, total 1984 earnings for the Group will amount to FF 264 million vs. FF 329 million in 1983.

3. The dividend of Hachette S.A., to be approved by the next Shareholders Meeting, should amount to FF 18.50 per share vs. FF 16.50 for the preceding year.

The Board of Management of Akzo N.V. announces that on April 25, 1985 the results for the first quarter 1985 were published. Copies of this report may be obtained from the London Paying Agents:

Barclays Bank PLC  
Securities Services Department  
54, Lombard Street  
London EC3P 3AM  
and  
Midland Bank PLC  
International Division  
Securities Services Department  
110-114 Cannon Street  
London EC4N 6AA.

or at the offices of  
Akzo N.V.  
Velperweg 76  
P.O. Box 186  
6600 LS Arnhem  
The Netherlands



Arnhem, April 26, 1985

## Unions to suffer 'continuing deficits'

TRADE UNIONS in the UK will continue to face serious financial difficulties over the next few years, according to a confidential trades union congress (TUC) document to be considered today by a special planning conference of senior union officials, Philip Bassett writes.

The conference, to be held at the TUC's London headquarters, is part of its long strategy exercise, aimed at examining the role and objectives of trade unions in the 1980s and beyond.

The TUC's internal document describes the impact of the changing economic climate on unions and particularly their consequent declining memberships.

It is now leading many unions into annual deficits, the report says - an issue made doubly difficult because in recent years unions have tried to offset some of the effects of inflation and to meet additional expenditure by relying predominantly on increasing total incomes by means of bigger memberships.

SEVEN of the UK's largest building societies are jointly launching a national network of cash dispensers, to be called Matrix.

Over the next year, terminals will be installed at 270 sites in a pilot scheme stretching from Aberdeen to Plymouth, and more will come later. The machines will operate seven days a week (except Christmas Day) between at least 7 am and 11 pm.

Matrix is organised by Electronic Funds Transfer Ltd (EFT), consortium of societies whose founder members are the Alliance, the Anglia, the Bradford & Ringley, Leeds Permanent, Leicester, the National & Provincial and the Woolwich Equitable. The members have designed the system to enable other building societies to join later if they wish.

TOYOTA'S British importer is recalling all 2200 of its Space Cruiser models sold in the UK to date for brake modifications.

The decision comes after allegations by the Consumers' Association that the vehicle's brakes are potentially dangerous and criticism by the motoring magazine Autocar of some aspects of its roadholding and handling.

LAZARDS, the merchant bank, is setting up an associate operation in India to tailor financial packages for Indian companies. Credit Capital Finance Corporation has shareholders drawn from several important Indian industrial houses and will use Lazard's technical expertise to offer a range of merchant banking services.

Since 1980 Lazard has arranged nearly £150m in project finance and buyers' credits on behalf of government and private-sector clients in India.

BRITISH NATIONAL Oil Corporation (BNOC) is next week expected to tender to suppliers of North Sea oil a 'higher price for May than the \$27.50 a barrel in April, in spite of the sharp weakening of spot North Sea prices over the past few days.

At the Government's insistence, BNOC will not send a single formal telex to all suppliers, but will telephone them individually. In that way, the Government hopes to shield BNOC from the attention of the Organisation of Petroleum Exporting Countries, and in particular, Nigeria.

Speaking at the Financial Times conference, Communications in the UK - the Challenge of Choice, Mr Ross said that Japanese companies regarded the mobile telephone as one of the new important consumer goods. Companies were spending large sums on product research and development in order to exploit its potential.

In the UK, the market for cellular telephones was still in its infancy but with deregulation it was expected to grow very fast during the next few years. It is estimated that there would be 500,000 subscribers to cellular telephones by 1990. In Europe, the potential is between 3m and 5m subscribers.

The advantage of cellular systems was that the supply had the capacity to grow faster than the demand for them, as compared with traditional mobile telephones. He said it had been calculated that the cost of a cellular telephone was covered by saving five minutes a day of a manager's time. "As the average manager is out of contact for 40 minutes a day you can see why the phones are proving so popular," he said.

In opening the proceedings, Mr John Leighfield, chairman and chief executive of Istel, British Leyland's computer subsidiary, said that most companies had to decide whether to design and set up their own data processing and communication

## Revised EEC budget gets tough reception

BY KEVIN BROWN

THE REVISED EEC budget agreed in Brussels by Community finance ministers received an almost unanimously hostile reception from MPs in the House of Commons yesterday.

The agreement requires a supplementary contribution from member states totalling £1.15bn, almost entirely to finance increased farm spending. The UK will contribute about £250m gross, although much will return in the form of Community grants and other payments.

Only one MP spoke out wholeheartedly in favour of the deal, while both Tory and Labour and Marketeers were angrily critical of the increased provision for agricultural spending.

Mr Ian Stewart, the Economic Secretary to the Treasury, said the agreement provided a realistic basis for the 1985 budget and was a satisfactory outcome for the UK.

He said the overall figures for agricultural spending and supplement

ary financing were lower than had been thought by member states with a strong interest in farm prices, notably West Germany, France and Ireland.

Mr Stewart said he had made clear both to the budget council and the European Commission that no further supplementary payments would be made this year by the UK.

He said the Commission would have to find other ways to close any financing gap that might arise, including reallocation of underspend, which normally becomes clear at the end of the year.

He conceded, however, that "in the last resort" it might be necessary to transfer a shortage in the last few weeks of the year into the 1986 budget.

Mr Stewart insisted that the need for increased farm spending this year was due to "past excesses," and he defended the Government's claim that EEC spending was now under control.

Dr Conagh McDonald, from the Labour front bench, said it was clear that Britain's £500m rebate, agreed at the summit of EEC heads of government in Fontainebleau, now had strings attached.

The parliaments of all member states would have to approve an increase in the level of EEC value-added tax receipts, the Community's "own resources," before the rebate would be paid, she complained.

Mrs McDonald said the increase from 67 per cent to 74 per cent in the amount of the budget spent on agriculture made nonsense of the Government's claim that farm spending was under control.

The agreement was supported by Mrs Virginia Bottomley (Conservative) who said the long-standing dispute about resources could now be replaced by constructive discussion about the problems facing the Community and about the maintenance of peace and democracy.

## European air transport 'needs more competition,' say Lords

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SCHEDULED AIR transport in Europe needs to be more competitive, and the UK Government should support efforts of the European Commission to achieve that objective.

The House of Lords select committee on the European Communities, in its report on European air transport policy, issued yesterday, declared bluntly that the present system of regulating air transport in Europe was unsatisfactory.

"The consumer gets a poor deal, with complicated, but not necessarily helpful, fares structures, over-rigidity in timetabling and barriers against innovation," it says that, on most routes, flag-carrying airlines are insulated from competition as a result of bilateral arrangements.

"It also seems likely, though the matter has never been tested legally, that the anti-competitive aspects of these bilateral arrangements are contrary to the Treaty of Rome."

The committee said it believed that the case for creating a more competitive climate in European air

transport was "overwhelming." Only by creating such competition would it be possible to see whether the widespread suspicion was correct that the present system is inefficient and operates to the detriment of the consumer, in both the quality of service and in levels of fares.

The committee welcomed the European Commission's own limited proposals for deregulation of air transport, published last year in what is known as "Memorandum Two." Those included moves to achieve greater flexibility in air transport affairs, and some increase in competition.

The committee also recognised that many scheduled airlines in Europe were opposed even to the limited ideas voiced by the Commission. "Clearly, there is a battle ahead," it said.

It would like to see at least four preliminary lines of attack on the problem - reduced government involvement in airline agreements; more innovation and flexibility in

fares-fixing; limitations on capacity restrictions; and revenue-sharing agreements; and better market access for other airlines.

It is also recognised that the Commission would not succeed in its aims of creating more competition without full support from like-minded member states, including the UK.

"The UK Government's advocacy of more competition, and its pursuit of greater liberalisation in bilateral agreements, have helped to influence thinking in Europe. The committee applauds the Government's policy in this matter, and urges that it should continue to pursue it vigorously."

At the same time, the committee wants the UK to give full support to the Commission's efforts to achieve what are in essence the same objectives as the UK's own.

House of Lords Select Committee on the European Communities: European Air Transport Policy; HL 115; Stationery Office, £12.15 net.

## Britain names first astronaut

BY PETER MARSH

SQUADRON LEADER Nigel Wood, a Royal Air Force test pilot, is to be Britain's first astronaut, Mr Michael Heseltine, the Defence Secretary, announced yesterday.

Squadron Leader Wood will fly on a U.S. space shuttle in June next, and help U.S. astronauts to launch a new British military satellite, SkyNet-4A.

A second Briton, Commander Peter Loughborough of the Royal Navy, will be among the crew for a further shuttle mission in December 1988 that will inject a second SkyNet craft into space.

The two men were chosen from a corps of 40 Britons, all Ministry of Defence employees, who have been in training since last year. Lieutenant-Colonel Richard Farrimond of the Royal Signals and Mr Christo-

pher Holmes, a civilian, will act as back-ups to the two chosen to enter orbit.

Squadron Leader Wood said he was impatient to get into space. "It is a long time to wait for such a splendid ride," he said.

The first Briton to leave the atmosphere will do so 25 years after the space voyage of Yuri Gagarin of the Soviet Union. Since his flight, about 160 people, most of them Americans or Russians, have orbited the Earth.

Besides assisting with the satellite deployment, Squadron Leader Wood will occupy himself on his flight with a set of scientific experiments, to include, for example, the behaviour of materials in weightlessness.

The Ministry of Defence is waiting for the U.S. National Aeronautics and Space Administration, the operator of the shuttle fleet, to approve the specific experiments to ensure they are safe to take into orbit.

Mr Heseltine said yesterday it was too early to say whether the four astronauts would return to their previous jobs after next year. One possibility is that they might form part of a corps of British spacefarers who would leave the Earth again in missions on the international space station, planned for the 1990s.

Britain is one of 11 Western European nations studying the project along with the U.S., Japan and Canada.

## Funds plan protest over tax rules for offshore trusts

BY GEORGE GRAHAM

LEADING FUND management groups plan to complain to the Inland Revenue over the application of new regulations on the taxation of offshore unit trusts and investment funds.

The regulations were introduced in January 1984 with the intention of preventing investors from converting interest payments, liable to income tax at up to 60 per cent, into more lightly taxed capital gains.

The move was aimed primarily at roll-up deposit funds, but managers say it is also affecting funds investing in equities, which produce genuine capital growth rather than just accruing interest. One fund's tax position has already been upset, and others face uncertainty.

Under the new rules, an investor must pay income tax on all gains in an offshore fund, regardless of how they occur. But if a fund pays out more than 65 per cent of its income as dividends, it may apply for a certificate of "distributor status" from the Inland Revenue. In that case, investors pay income tax on their dividends, but only 30 per cent capital

gains tax when they sell their shares.

Henderson Administration, which has a stable of funds based in Guernsey, has written to other leading offshore groups to enlist support, and Mr Martin Brown, who runs the group's offshore funds, hopes to make representations to the Inland Revenue soon.

The Inland Revenue, however, said that no difficulties were arising as far as it was concerned, and that certificates of distributor status were being granted almost without exception.

One of Henderson's own funds, Prime Residential Property, is experiencing some difficulty in obtaining distributor status.

Mr Brown says further difficulties arise over the accounting treatment of start-up expenses in new funds, over the six-month time limit within which funds must apply for certificates and over equalisation payments made to new investors to adjust for the fact that they have not held units for a full accounting year.

## Cable & Wireless seeks stake in Teleway Japan

BY LIONEL BARBER

CABLE & WIRELESS is to continue talks aimed at acquiring a stake in a newly created Japanese telecommunications company, Nihon Kosoku Tsushin (Teleway Japan), despite an initial rebuff from key Japanese shareholders.

Cable & Wireless officially confirmed yesterday that it was interested in an equity investment in Teleway and that the matter had been raised by Mr Norman Tebbit, Trade and Industry Secretary, during his recent trade mission to Japan.

However, key shareholders in Teleway, notably the Ministry of Construction, have told Cable that they are more interested in a joint venture that would involve exchanging technology and management knowhow.

That less than enthusiastic response to foreign companies seeking to break into the Japanese telecommunications market was the source of considerable friction between Japan and the U.S. during recent trade talks.

Teleway Japan is one of the new telecommunications consortia set

up to compete against Nippon Telephone and Telecommunications (NTT), the former state monopoly which is to be privatised this year. Its main project is to lay a fibre-optic cable along the highway between Tokyo and Osaka.

Foreign investors are allowed, according to recently enacted Japanese legislation, to acquire up to 30 per cent of the equity in those groups, which are known as Type I telecommunications companies.

Cable & Wireless is already a big player in the Pacific market, with subsidiaries in Hong Kong, India, and other former British colonies. In the UK, it owns Mercury Communications, which is in competition with British Telecom.

Cable & Wireless is particularly keen on breaking into the Japanese market, which it views as on the brink of "explosive growth," and is holding talks with several parties. The Japanese Government has said it is keen on promoting the "rewiring" of Japan's telephone system through fibre-optic cable and the use of satellites.

## Awards for journalists

BY JAMES McDONALD

SARAH HOGG, of The Times newspaper, won the £1,500 senior prize in the Harold Wincott 1984 financial press awards, with Lucy Kellaway of the Investors Chronicle taking the junior prize of £800. Lucy Kellaway has since joined the Financial Times.

David Oates of The Western Morning News, Plymouth, won the provincial journalists' award of £1,000.

Sarah Hogg, the first woman to be named Financial Journalist of the Year in the 15 years of the awards, won for "maintaining a consistently high standard of economic comment." Lucy Kellaway

won against a record number of entrants.

Mr William Clarke, chairman of the Wincott press panel, described the level of competition as "the toughest for many years" and said it would probably get tougher still in the future with the increasing and more specialist coverage of financial topics, particularly in the provincial press.

Presentation of the awards, for "outstanding achievement in economic and financial journalism," was made by Mrs Joyce Wincott at a luncheon at the head office of the Midland Bank.

## Hoechst

NOTICE IS HEREBY GIVEN THAT

The Annual General Meeting  
will be held at 10 a.m.,  
on Tuesday, 4th June 1985,

at the Jahrhunderthalle in Frankfurt am Main-Höchst, Pfaffenwiese.

### Agenda

1. Presentation of the Annual Report and Accounts of Hoechst Aktiengesellschaft for 1984, with the Report of the Supervisory Board, and the Consolidated Report and Accounts for 1984.
2. Allocation of the profit available for dividend. It is proposed to pay a dividend of DM 9.- per share of DM 50.- nominal for the financial year 1984.
3. Ratification of the actions of the Board of Management for 1984.
4. Ratification of the actions of the Supervisory Board for 1984.
5. Election to the Supervisory Board.
6. Election of auditors for the financial year 1985.

The full agenda, including the proposed resolutions, is contained in the Bundesanzeiger no. 79 of 26th April, 1985.

Shareholders wishing to be present and to vote at the Meeting must comply with Article 14 of the Articles of Association and deposit their share certificates during usual business hours by Thursday, 30th May 1985, at the latest until after the Meeting, at one of the depositories listed in the Bundesanzeiger no. 79 of 26th April 1985, or, in the United Kingdom, at the offices of

S. G. Warburg & Co. Ltd.  
33, King William Street  
London EC4R 9AS

Frankfurt am Main, April 1985

Hoechst Aktiengesellschaft

## UK NEWS

## Cash injection of £2.65bn for coal industry

By IAN HARGREAVES

THE coal industry was yesterday thrown a £2.65bn lifeline by the Government, but told that it will receive no further grants beyond March 1987.

The Coal Industry Bill, published yesterday and to be debated in the House of Commons next week, sets the financial framework within which Mr Ian MacGregor, the Coal Board chairman, must now reshape the industry.

It also in effect commits the Government to pushing the coal industry back into the black before the next general election - which may turn out to be a significant political gamble.

Mr David Hunt, the junior energy minister responsible for coal, said yesterday that he was confident the break-even target, which had been agreed with the coal board, could be achieved.

"We sense that there is a positive commitment to build the industry and regain the confidence of markets. We believe the Bill provides an effective and sufficient transfusion of funds which will enable the industry to break even at the end of next year," he said.

Yesterday's Bill makes three separate financial provisions for the industry:

- It provides up to £2bn in deficit financing, of which up to £1.2bn is expected to be used to cover deficits in the year of the strike. A further £800m will be available in the financial years 1985-86 and 1986-87, with an option to release a further £200m subject to parliamentary approval.

- The scheme to compensate redundant miners is to be extended by a year to March 1987, increasing the limit on funds available by £600m to £1.6bn.

- The limit on payments from the Government to the coal board to

cover the cost of pit closures is to rise from £400m to £450m.

Mr Hunt would not be drawn on the planning assumption behind the figures, although the sums still available under the redundancy scheme - about £600m has already been spent - suggest that a further 40,000 redundancies could be financed.

Mr Hunt did say that the break-even target would be defined on existing National Coal Board accounting practices and on a post-interest basis. There would, he said, be no writing off of the coal board's debt at this stage.

The Bill's provisions suggest that the cost of the strike to the coal board was more than £2bn, but that both the Government and Mr MacGregor believe the industry can rapidly cut its losses to levels much lower than applied before the strike. In 1983-84, the coal board needed a deficit grant of £875m. The year before it received £374m.

Mr Hunt said the Government was encouraged at the low level of victimisation since the strike and at the rapid progress made in recovering both production and productivity.

The coal board said yesterday that production has reached 125m tonnes a week, compared with a normal level of just over 2m tonnes. It expects to achieve 90 per cent of normal production by the autumn.

Obstacles are still being created by the discovery of additional problems at damaged coal faces. A report in the industry newspaper yesterday said that 71 faces were lost during the strike and a further 42 are causing concern. A little more than 400 faces are in production.

The detailed application of the Government's financial restrictions will depend upon the outcome of an area by area review of investment plans now nearing completion.

## Canadian bank to buy into stock firm

By John Moore

CANADIAN Imperial Bank of Commerce Group (CIBC) is entering the financial services revolution in London. Through its UK subsidiary, it announced yesterday that it was to acquire the London stockbroking firm of Grenfell & Colegrave.

Initially, the bank is to acquire a 5 per cent stake in Grenfell & Colegrave, which it intends to raise to 100 per cent once Stock Exchange rules permit. At present outside financial groups can hold only a maximum stake of 29.9 per cent in stockbroking firms.

Mr John Pattison, managing director of CIBC, said yesterday that with the deregulation of the British Stock Exchange "London has been confirmed as a major financial centre."

"We do not have overlaps. There are no conflicts of interest between us. We had looked at other firms but some people in our organisation knew Grenfell & Colegrave people," he said.

He added: "We do corporate underwriting but our ability to do so in the UK has been inhibited by not having a link with a domestic operation which knows its way around the market."

## CLAIMS OF MALPRACTICE FORCE NEW POLL

## Union orders re-run of election

By PHILIP BASSETT, LABOUR CORRESPONDENT

THE TRANSPORT and General Workers' Union (TGWU) is to a repeat a ballot held last year to appoint a new general secretary.

A repeat was ordered last night by the union's executive committee after claims of malpractice in the first election.

The decision was taken by 31 votes to five. Both principal candidates in last year's election welcomed it.

Mr Ron Todd, the winner, whose arguments to the executive swayed it in favour of a re-run, said: "I was elected general secretary-elect and I am going to say to the membership: back me or sack me." The loser, Mr George Wright, said: "I believe that the decision that the executive have taken will lift the cloud over the union."

Yesterday's vote was a considerable climbdown for the leadership of the left-wing union. It was taken against the strong recommendation of Mr Moss Evans, the retiring general secretary, who said that the executive had heavily endorsed his view that there was insufficient evidence to justify a fresh ballot. He maintained that there had been no evidence of ballot-rigging.

Mr Evans said the decision marked a "very, very sad day for our union," and said: "I hope we will be able to come out of this with some degree of credit and that our union will be able to overcome the crisis it finds itself in."

All five candidates who stood in last year's election will be able to stand again, although one, Mrs Marie Paterson, has retired from her job as a national officer and so is unlikely to do so. The other two, Mr Todd Sullivan and Mr George Henderson, have not yet made their positions clear.

Those candidates between them polled only about 20 per cent of the last vote, and the main race is likely again to be between Mr Todd, the union's national organiser, and Mr Wright, the Wales regional secretary.

Mr Todd's supporters are likely to campaign strongly on a platform of supporting the union and the candidate who was elected last time, whose advocacy of a re-run has showed clearly his honesty and integrity.

One of the criticisms levelled against the TGWU's last election was the bluntness of its cardboard ballot boxes, with the suggestion that they were easy to tamper with. The union has now obtained new, stronger boxes, which will be produced by May 1 and delivered to branches by May 3.

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## Ford's pay structure 'may need reform'

By DAVID BRINDLE, LABOUR STAFF

UNION LEADERS believe that Ford's pay structure will require fundamental reform as a result of the decision of an independent inquiry team to uphold a 17-year-old claim for regrading of 270 sewing machinists.

It was disclosed yesterday that the inquiry, which is binding on Ford, had found in favour of the sewing machinists, who struck for six weeks at the end of last year and will receive a weekly pay rise of £6.67.

Although neither the company nor the Transport and General Workers' Union had by late yesterday received copies of the 44-page inquiry report, union leaders said they knew the conclusion was so emphatic as to call into question the whole basis of the Ford wage structure.

They maintained that not only had the sewing machinists been promoted from the Grade B pay level to Grade C, as had been the claim, but that they had almost been put into Grade D.

Mr Mick Murphy, the TGWU's national officer for the motor industry and chief union negotiator for Ford, said: "The pay structure cannot continue. The system was misconceived and it will have to change."

The sewing machinists, who make headrests and seat covers and are almost all women, objected to being put into Grade B when the pay structure was established in

1967 on the basis of a job evaluation exercise. Ford yesterday expressed disappointment at the result of the inquiry, but was reluctant to comment further until full details were known. However, the company repeated its view that the sewing machinists' job had not materially changed since 1968.

If the job was therefore badly assessed in 1968, a question mark is raised over the whole wage structure.

Mr Geoffrey Lawson, a member of the steering committee, has told underwriting members in a letter: "We unanimously feel that there is an urgent need for more information to be obtained immediately."

He said: "We have each contributed £250 towards the expense of our advisers and we are writing to seek your support."

Lord Goodman has been appointed honorary chairman of the steering committee.

## Minet to be investigated by Price Waterhouse

By John Moore, City Correspondent

A STEERING committee of Lloyd's underwriting members, who have suffered from large losses on an insurance syndicate managed by interests of Minet Holdings, the insurance broker, have appointed accountants Price Waterhouse to investigate the situation.

The steering committee is seeking to raise a "fighting fund" from underwriting members affected by losses, which may rise to £100m, and are asking for £250 a head.

More than 400 members are affected by the latest troubles on insurance syndicate 918, which is managed by Minet's Richard Beckett underwriting agency.

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He said: "We have each contributed £250 towards the expense of our advisers and we are writing to seek your support."

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## Lawson stands by 6% inflation rate forecast

By KEVIN BROWN, PARLIAMENTARY STAFF

MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday repeated his budget forecast for inflation, despite the announcement by Mrs Margaret Thatcher, the Prime Minister, that the target was now 3 per cent.

Mr Lawson said he expected inflation to remain above 6 per cent for the next few months before falling to 3 per cent at the end of the year, and below that level in 1986.

Challenged by an MP in the House of Commons on when he expected to achieve Mrs Thatcher's forecast of 3 per cent, Mr Lawson replied, "in due course."

He was questioned further by a Labour Treasury spokesman, who asked what level of unemployment the Government would find acceptable in pursuit of 3 per cent inflation.

Mr Lawson said the issue was what measures were best calculated

to reduce unemployment, a problem Britain as well as the whole of Western Europe faced.

"The policies we are pursuing are best calculated to do that," he said.

Mr Roy Hattersley, the shadow Chancellor, said yesterday he had no doubt that the Prime Minister would "ruthlessly" pursue her 3 per cent target for inflation.

She would do so with a cynical disregard for the real interests of the economy, because such a reduction in inflation was the one hope she had of going into the next election with anything that could be presented as an economic success, he said.

Mr Hattersley said he feared the Government would further tighten monetary policy, and push up interest rates and the exchange rate, achieving the political goal but damaging the economy.

## Labour shows strong lead in opinion polls

By PETER RIDDELL, POLITICAL EDITOR

THE Labour Party has consolidated its lead over the Conservatives in the past month judging by the latest opinion polls published yesterday, a week before local government elections on May 2.

Mr Neil Kinnock, Labour leader, said yesterday that his only wish was that there could be a general election next week because Labour would win a comfortable majority.

The party is now more confident of maintaining its position in areas such as Lancashire and Avon, where it is defending seats won in 1981.

One poll puts Labour at 28 per cent, 3 per cent ahead of the Tories at 25 per cent and the Social Democratic and Liberal Alliance at 26 per cent. That survey was conducted between April 11 and 15, at the end of the Prime Minister's controversial Far East tour.

The other poll puts Labour at 37.5 per cent, 3.5 per cent ahead of the Tories at 34 per cent, with the Alliance at 28.5 per cent. The survey was conducted between April 17 and 22.

Apart from the Labour advance, a clear feature is the strength of the Alliance, also benefiting from the Tory disavowal. Although some SDP leaders are worried about the impact of the Labour revival on the Alliance position in northern England, there is greater confidence about gains in the south.

Mr David Steel, the Liberal leader, said yesterday that the Alliance expected to make the biggest impression in southern England. After May 2 he said the Alliance would hold the balance of power in five areas. The latest polls also point to increased concern about the alleged rigidity and inflexibility of the Government.

## Job losses at Systime

By JASON CRISP

SYSTIME, the Leeds-based mini-computer company recently taken over by Control Data (CDC) of the U.S., is to cut its workforce by a quarter.

The company, which suffered a serious cash flow crisis before the takeover, told employees yesterday it wanted 270 redundancies out of the total staff of 1,100. Systime hopes that most will be voluntary and said it expected them to be at all levels in the company and from all functions.

Systime has had financial difficulties for about three years and made more than 100 people redundant about 18 months ago. Two weeks ago CDC, which had a 48 per cent stake in Systime, bought a fur-

ther 50 per cent for less than £750,000 after the other shareholders had failed to agree terms for a rights issue.

The low price reflected the severity of Systime's financial position, which included debts of £40m. CDC is expected to have to inject about £20m into Systime to put it on a sound footing.

Systime denied that the redundancies had been made as a direct result of the CDC takeover. The company said it hoped that no further redundancies would be required and that once it was financially stronger it would be able to recruit again. The main priority at present was to cut costs, a manager said.

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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# Bureaucracy fails to foil an ingenious take-off

BY LYNTON MCLEIN

EDGLEY AIRCRAFT had a strange start in life. Its three-seater Optica observation aircraft was born in pieces on the floor of a house in Islington, North London.

Today, nine years later, the first production model will be delivered to Air Foye, a charter company at Luton. The aircraft will be used by the Hampshire Police for observation trials; the results will be sent to the Home Office for evaluation and the aircraft may become a familiar sight in the sky.

Europe's newest—and possibly its most unusual—aircraft began life as an idea in John Edgley's head shortly before he abandoned his career in civil engineering to take a course in aeronautical engineering at Imperial College, London. "I got fed up with being subservient to architects and I had the idea of building not just an aircraft, but an aircraft factory," he says.

He borrowed the college wind tunnels to prove the design of the Optica, believing that "if you do not think something is impossible, you can get it done."

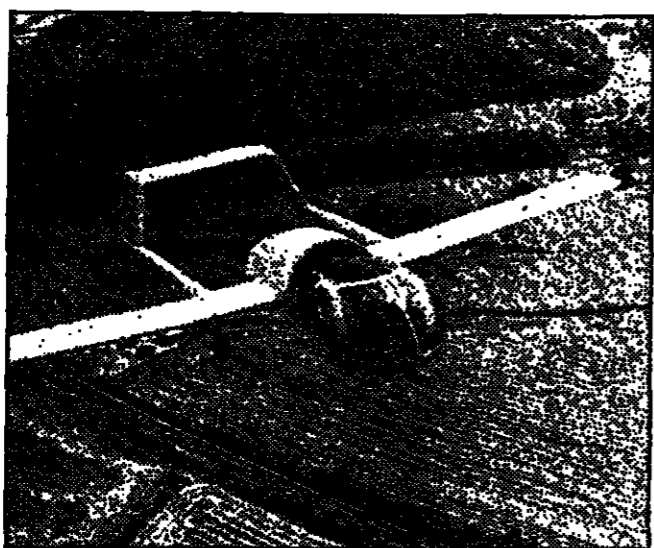
With the aid of a mere £1,200 of private money he built the first Optica almost single-handed, buying an adjoining house in Waterloo Terrace, Islington, as the improbable project progressed.

"I did the metal degreasing in the bathroom and had the press shop in the garden," he says.

The bright yellow prototype Optica was taken in pieces to Cranfield Institute of Technology, Bedfordshire, for its maiden flight in 1979.

The next crucial stage was to decide how to go from prototype to production. "We looked at different strategies: of sub-contracting or licensing the production of the aircraft or building it ourselves. But by letting someone else build it we would have lost control of production and pricing," says Bill Fraser, a management consultant and now Edgley's managing director.

The company considered, and then rejected, the idea of sub-contracting or licensing the production of the aircraft to the existing large UK aircraft companies such as British Aero-



Edgley Aircraft's three-seater Optica is powered by a U.S.-built Lycoming engine. It costs £139,250. Once airborne, it can loiter as slowly as 50 knots and can turn in 60 yards. Its operating costs are about 25 per cent of those of a small helicopter

space. Westland or Shorts because of their "high overheads and the high production price they would offer." The company was also worried that if it passed production over it would not be able to "get a team together and would be unable to work on future projects."

Bill Fraser—with an initial team of six people—spotted a site for the aircraft company when he drove past the grass airfield of Old Sarum, near Salisbury, Wiltshire, in 1981. He saw a Ministry of Defence "For Sale" notice and put in a bid to buy the airfield and its former Royal Flying Corps hangars. A Lloyds Bank mortgage was arranged and the search began for funding to put Optica into production.

"We wasted an incredible amount of management time failing to persuade the Department of Trade and Industry to provide launch aid, repayable from orders, for the Optica project," says Fraser.

"We proved to the DTI, as they requested, that we needed launch aid, for production

Schroder Investment and the Esso Pension Trust.

The company is still bitter about the attitude of the DTI. "Here was a new technology product, creating a lot of jobs and one that would have justified a lot of Government money. If the money was available, it should have gone to companies like Edgley Aircraft that showed promise in creating jobs," Fraser says.

The management was left with the impression that launch aid was only for "major established blue chip companies or for companies with small products that do not deserve support. We fell in between," Fraser says.

Meanwhile in the last four years the company has won 94 orders, 90 per cent for export, worth £11.6m (although it will not disclose who its customers are) and has created 280 jobs since it moved into Old Sarum. (The Optica won its certificate of airworthiness from the Civil Aviation Authority in February.)

"We were surprised at the rate the orders came in, as we had been gradually building up the production process before certification and had wanted to start selling when we had a production aircraft capacity," Edgley says.

The company is forecasting sales of 2,000 to 5,000 Opticas over the next 10 years. The forecast covers a wide range because the company strategy is to market Optica initially to the civil market only and not in the U.S. or to military users.

The military market will have to wait, because "we cannot cope with the demand from the civil market," the company says. The minimum delivery time is 12 months and production capacity is to be built up to an annual rate of 88 aircraft next year. At that time Edgley intends to start marketing in the U.S.

"We fully expect to double capacity, possibly in 1987," Fraser says.

The company is already considering its next moves, including a possible stock market flotation in two to three years.

## Business courses

Design in industry. A vital profit factor, Birmingham. May 23. Fee: £20. Details from the Secretary, Nell Chamberlain, Design and Industries Association, 17 Lawn Crescent, Kew Gardens, Surrey TW9 3NR. Telephone: 01-840 4925.

Speaking to groups, Hertfordshire. May 7-9. Fee: £250 + VAT. Details from InTech Training Ltd, PO Box No 2, Welwyn Garden City, Hertfordshire AL 7BX. Tel: 07073 20944.

Just-in-time inventory seminar. Crest Hotel, High Wycombe. Fee: £86.25 members, £109.25 non-members. Details from The British Production and Inventory Control Society, 45-47 South Street, Bishops Cleeve, Shropshire. Phone: 0279 56695.

First world congress of production and inventory control. Vienna, Austria. May 27-29. All enquiries: Official World Congress Secretariat, Henry F. Sander CAE, 500 West Annandale Road, Falls Church, Virginia, 22046-4274 USA. Tel: 0414. Details from Mrs Van Wyck, Seminar Division, Crown Eagle Communications, Vernon House, London WC1 2QT. Tel: 01-404 4756. Telex: 896827 TACS G/Ref 1202.

Franchising. 18-19 June. Fee: £360 + VAT/£380 + VAT after 4 June. Details from Crown Eagle Communications, Vernon House, London WC1 2QT. Tel: 01-404 4756. Telex: 896827 TACS G/Ref 1202.

The British Production and Inventory Control Society, open day, September 18. Exeter Hotel, Heathrow Airport. 11.15 am. Fee: £140. Details from Raymond S. Lee, 45-47 South Street, Bishops Cleeve, Shropshire CM23 3AG.

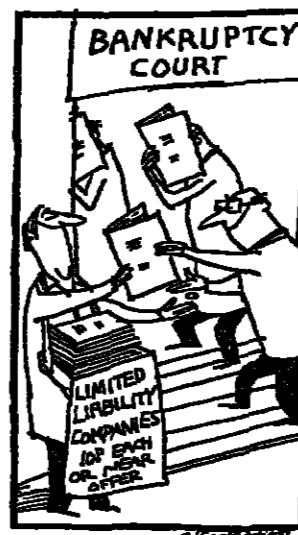
Economics Seminars for business managers. May 22, 29 and June 5. Liverpool. Fee: £100 for each day, or £275 for three days. Details from Maureen Kay, Department of Economic and Business Studies, Eleanor Rathbone Building, PO Box 147, Liverpool L68 3BX. Tel: 051-709 6022, Ext 2622.

Computer-aided production management exhibition. April 30-May 2. Wembley. Fee: £40 + VAT members, £45 + VAT non-members. Details from Nan Dancer, Conference Manager, Institute of Production Engineers, Rochester House, 66 Little Ealing Lane, London W5 4XX. Tel: 01-579 9411.

## Bankruptcy

### 'A crude process'

Barry Riley reviews a new book on going bust



"BANKRUPTCY TO the right, divorcees to the left," was the court usher's cry that greeted one insolvent hotel proprietor as he was swept into the nightmare world of personal bankruptcy. And Stephen Aris, author of a new book\* on the process of going bust, makes it clear that in nearly all cases bankruptcy is an agonising experience, whatever the ability of the former property developer William Stern (who went bankrupt for £11.7m in 1978) to continue to live in luxury on Millionaire's Row.

English law still tenaciously protects property, and the author rightly points out the anomaly that society remains so harsh to bankrupts whereas attitudes on divorce, illegitimacy and homosexuality have changed radically (though the Government's current discussion paper on possible more lenient treatment for the families of bankrupts is an indication that change could be in the air).

Those who cannot, or will not, repay their debts are still regarded as little better than thieves. But ironically the real villains can often exploit the loopholes in the law, hiding behind a series of limited liability companies which are put into voluntary liquidation. Quite often the assets are simply sold back cheaply to the original owner who promptly starts up a new company.

Certainly bankruptcy is a crude and extravagant process. Assets are often sold off unnecessarily cheaply and the fees of accountants and solicitors can be disproportionate. The author lists the case of a man who went bust for £641 and finished with a legal bill for over £8,000. "In the initial stages I wasn't bankrupt, but by God I am now," was the summing up of the British Rail engine driver in question.

The problems lie in apportioning blame. We mud all, of course, be responsible for our debts, but it is also true that credit is now a commodity sold by means of high pressure techniques. Glossy leaflets offering loans drop unsolicited through most letter boxes. And at the corporate level, bank loan officers pursue business in a way that does not seem to reflect proper risk appraisal. The ability of commodity trader

Rajendra Sethia — now under arrest in India and the subject of extradition proceedings by the British authorities — to borrow over £200m suggests that many banks have not learnt much since William Stern's heyday in the early 1970s.

One approach is simply to strip all moral and legal blame from bankruptcy and regard the problem as one mutually shared by debtor and creditors which they have to settle by agreement. This attitude is common in the U.S., where the ability of Silicon Valley entrepreneurs to pick up the pieces and start again is mystifying to Europeans who associate failure with guilt.

Some venture capitalists, in fact, prefer an entrepreneur who has crashed once or twice. After all, he should have learnt something from his experiences.

And the Americans have developed the Chapter 11 concept, whereby ailing companies are given, under court supervision, protection from their creditors so the management can gain time to tackle the problems. But the danger is that bankruptcy will simply become another tactic of management, when it wants to fend off asbestos claims or wriggle out of an expensive labour contract — these being actual reasons why large American companies

filed for Chapter 11 in the past year or two.

As is clearly shown by the bitter arguments over the Insolvency Bill now staggering through Parliament, insolvency is a subject which arouses fierce reactions. The legislative compromise between encouraging legitimate risk-taking on the one hand and giving a free hand to the fraudulent and the feckless on the other is a desperately tricky one.

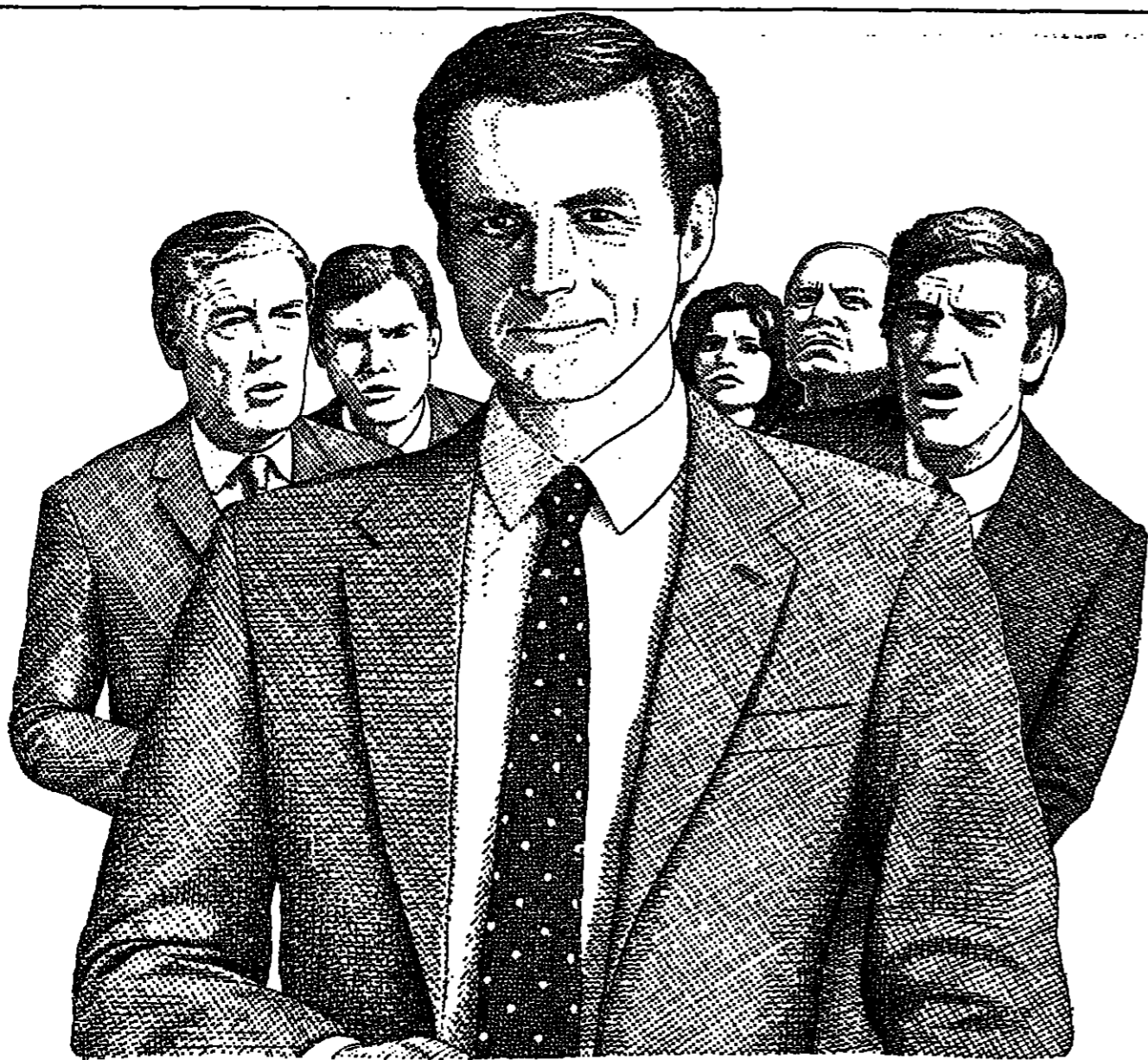
Stephen Aris does not put forward any magic formula. He concentrates on an easy-to-read summary of the history of the insolvency business in the UK and its present day cast of often colourful characters ranging from Sir Kenneth Cork, a former Lord Mayor of London, to the notorious Maurice "Hissing Sid" Caplan, cowboy financier, who was eventually trapped by police with the aid of a tape recorder strapped to an intended victim's thigh.

Personal case histories are largely drawn from the dossiers of the BBC's *Checkpoint* programme, and there are also lengthy chapters on the multi-million pound crashes of William Stern, Sir Freddie Laker and Stone-Platt Industries.

The book is slightly marred by errors. For example, Equity Capital for Industry is not owned by the big banks, as the author states twice, and Thompson McLintock would prefer its name to be spelt Thomson McLintock. Stephen Aris also occasionally fails to put his points forward with sufficient clarity, most notably in his rather garbled account of how Stern's Hampstead mansion was shuffled beyond the reach of his creditors.

There is, too, an unevenness of approach. The material ranges from the affairs of imprudent footleers and actors at one end of the scale, through small business misadventures to the biggest international crashes at the other extreme. The themes are not satisfactorily drawn together; but then, the inconsistencies may reflect a degree of confusion within the insolvency business itself.

Going Bust: Inside the Bankruptcy Business, by Stephen Aris, Andre Deutsch, £8.95.



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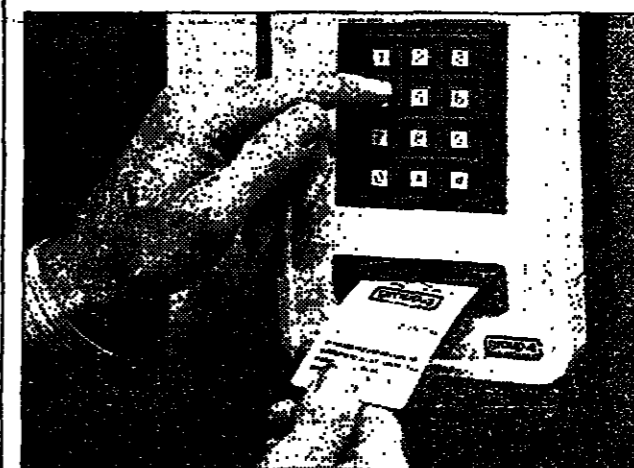
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## FINANCIAL TIMES SURVEY

Friday April 26 1985

13



Italy's powerhouse is a city of flair and hard work. This lively commercial and industrial centre has an atmosphere distinctly European rather than Mediterranean.

## MILAN

## Work ethic of go-ahead city

By Alan Friedman

MILAN IS Italy's financial and industrial centre, a city with a work ethic which borders on being Swiss and a cultural tradition which is distinctly more European than Mediterranean.

This city of 1.7m-3m if the surrounding suburbs are included—is full of contradictions: the adopted home of Leonardo and the site of his Last Supper is now the home of Alfa Romeo, Montedison, Pirelli, Banca Commerciale Italiana and countless other corporate names. The home of Italian capitalism is a city ruled since 1976 by a Socialist-Communist coalition.

The centre which in Italy is known for its almost Calvinistic devotion to labour is at the same time full of businessmen who can hardly wait to leap into their BMWs on Friday evenings to head for ski resorts and lakeside villas. And a city which prides itself on being a major

world centre for fashion and avant-garde art and design is also at times an oppressively provincial place, somehow unable to come to terms with its cosmopolitan image.

Italy's Prime Minister, Bettino Craxi, is the first Milan-born head of government, but this does not mean he is particularly loved in his home town. The hectic and work-oriented Milanese have little time for either Rome, which they sarcastically dismiss as a bureaucratic nightmare, or politicians, who simply do not create wealth.

"Mrs Thatcher would like life here," said one Milanese banker. "We get things done."

## Fast pace

This is certainly true in fast-paced Milan, where the unemployment rate is a paltry 3 per cent. Together with the region of Lombardy, Milan accounts for a third of Italy's gross domestic product (GDP) and a third of the country's exports. What is fascinating about the growth of Milan as an economic centre is that the city has no

real indigenous resources. Its most attractive asset is perhaps its location, on the Po plain, 90 minutes from the Port of Genoa, less than an hour from the Swiss border, 2½ hours from France.

Milan is a central European trading post, a crossroads which for centuries has made it a natural site for commerce.

Its origins go back to the 6th century BC, when a Celtic village was founded. Conquered by Roman Legions in 222 BC, Mediolanum (as it was known) attempted to rebel, becoming an ally of Carthage. But the Romans won and Milan fell again.

Very few traces of the Roman period remain in the city, but then Milan has been sacked and occupied by so many different powers that this is not surprising.

By the 13th century Milan and Lombardy fell to the Visconti family, who ruled until the middle of the 15th century and began work on the famous Gothic cathedral, the Duomo, as well as the huge castle which bears the name of the Sforza family, which succeeded the Viscontis.

Later Milan was subjected to the rule of the French and Spanish monarchies and then in the 18th century fell under the Austrian Imperial governance of the Hapsburgs, who were in turn succeeded by Napoleon (who in 1806 ordered the construction of the Milan bourse) and later the Austrians once more.

With the unification of Italy,

Milan came into its own as a commercial centre, attracted immigrants from other Italian regions and soon played host to growing banks and insurance companies, a trend which continued after the Fascist party was founded there in 1919.

Devastated by Allied bombing during the second world war, Milan was rebuilt. Aesthetics were thrown out the window, but the city in the 1950s, 1960s and 1970s established its supremacy in Italy as the centre for industry and finance.

Unfortunately, Milan has also shown itself susceptible to financial intrigue. This is the city which unknowingly favoured, and even respected Sig Michele Sindona, the convicted former

Vatican adviser and banker, and his disciple, the late Sig Roberto Calvi of the Banco Ambrosiano. The Milanese do not like to speak of Sig Calvi or his bank, which collapsed in 1982 with \$1.3bn in missing funds, but he was tolerated and even celebrated until only a few years ago.

Such susceptibility is not

limited to Milan alone — it is rather an Italian characteristic—but it is perhaps not surprising. While Milan is certainly the Italian city most open to new ideas, products and businesses, it is also a clubby place, where the leading entrepreneurs tend to conduct closed-circuit deals and the stock market is prone to insider trading.

"Almost everyone, at some point, is allowed to use a tip for a little money-making share transaction on the Bourse. We call it a 'dritto' or 'right,'" explained an employee of Mediobanca, the influential merchant bank which from its Milan headquarters has been involved in almost every major post-war corporate deal.

The Milan bourse, despite more regulatory control by the Consob authority and despite significant new foreign investment, remains small by world standards, with market capitalisation of about \$25bn.

The emergence of new unit trusts, which have attracted £5,000bn of funds in the last nine months, may lead to growth

beyond the recent boom on the bourse. But even advanced Milan, which has welcomed accounting majors such as Peat Marwick, Price Waterhouse, Arthur Andersen and Deloitte Haskins, still has a way to go if it is to achieve more sophisticated and open financial standards.

As a banking centre Milan is the home of two of the three IRI state-controlled institutions — Credito Italiano and Banca Commerciale Italiana. It is also headquarters for Sanpao, Italy's largest savings bank and an innovator in cash dispenser technology. Italy's 33 foreign banking institutions are based in Milan, with notable successes having been chalked up by Barclays, Citibank and Morgan Guaranty among others.

As an industrial centre Milan and the surrounding region plays host to many companies involved in, for example, chemicals, manmade fibres, engineering, tyres and cables, textiles, furniture, foodstuffs, machine tools, carmaking, clothing, shoe and leather goods, energy, pulp and paper, and construction. In

this state sector the big names are Alfa Romeo, Snamprogetti, Saipem, Snam and Agip.

The fashion world, with designers such as Armani, Versace, Krizia, Ferre and Soprani, has put Milan on a par with Paris. The Domus architectural academy attracts scholars and practitioners from Japan and the States. The Memphis Group furniture design consortium is just one example of Milanese design with an international flavour.

All of this, from banking to industry, from fashion to design, means that Milan is one of Europe's most prosperous cities.

"We like to think of ourselves as being plugged in, as being in touch with the latest in New York or London," says a windowframe maker who is negotiating to join a construction project in the City of London.

Milan's Fair holds hundreds of exhibitions each year, ranging from machine tools to consumer goods. The trade fairs bring an estimated \$600m in annual receipts to the city's 400 hotels and nearly 1,000



Milan Cathedral and (inset) Sig. Carlo Tognoli, the city's mayor.

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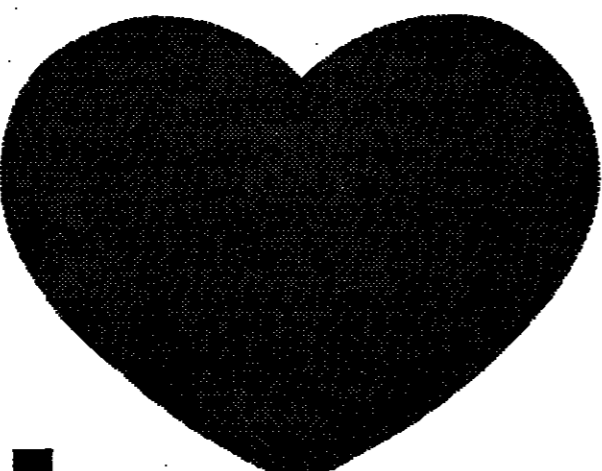
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restaurants, trattoria and bars. The biggest fair of the year is the Fiera Campionaria, the international exhibition of more than 1,000 stands from sectors as wide-ranging as food and agriculture, chemicals, health care, electronics and energy. The Fiera Campionaria, which opened for the 63rd time this week, last year attracted about 2m visitors.

Despite its commercial success, Milan has still not managed to solve a hotel shortage or provide housing for all of its residents, who are increasingly pushed out of the centre to make room for financial service companies. Staggering as it may seem, the population of the city centre is only 107,000, and this perhaps explains why some critics accuse Milan of having a village mentality.

Another problem in Milan, which simply begs to be resolved, is the inefficiency of its airports, Linate and Malpensa. Leaving aside the issue of Italian strikes, it is unfortunate that Linate is so frequently shut down by Milan's famous fog. The radar technology for fog take-offs and landings exists, but Milan's mayor, Sig. Carlo Tognoli, accuses the Alitalia state airline of having a bias in favour of Rome's airport and therefore neglecting Milan.

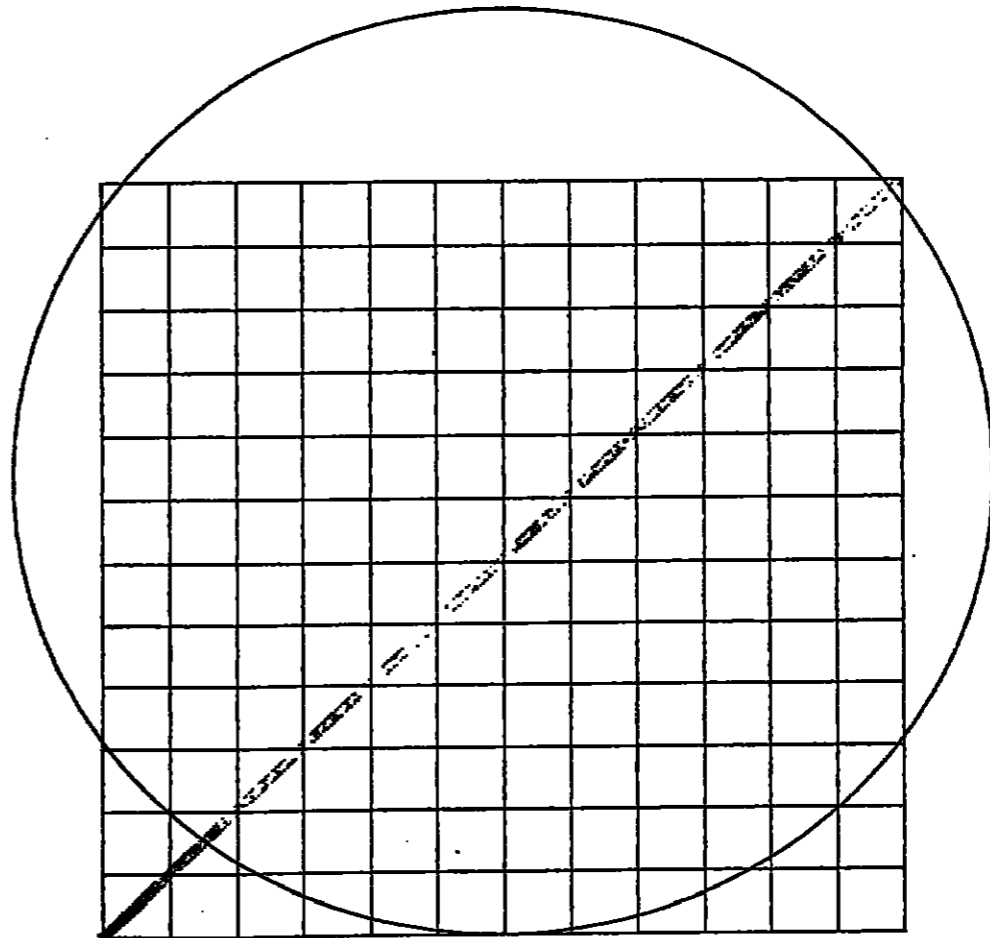
This is the final irony of Milan—despite being Italy's economic capital it still must rely on the Government in Rome for funding of airport projects or even for financial support for its beloved La Scala opera house. But despite such handicaps, the Milanese have managed to create an industrial and financial powerhouse which, thanks to their indomitable spirit, functions exceedingly well.

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FT

## Confidence yet to be vindicated

**JAMES BUXTON**

The basic problem is that there is no such thing as a public company in Italy. All the companies quoted on the stock exchange are controlled by families, by state-owned holding companies or by banks—or by a combination of all three. An extraordinarily elaborate network of syndicates of control enable a relatively small number of interests to keep their hands on the major

## PROFILE: CARLO TOGNOLI, MAYOR OF MILAN

**SIG CARLO TOGNOLI**, socialist Mayor of Milan since 1976, is in many ways emblematic of the city he governs. Hard-working, ambitious and even a little overly-serious, he is the epitome of a central power structure together with his partners in the Milan city coalition government, the Communists and Social Democrats, which is very carefully balanced.

The mayor is a creature of Craxi," smirks one local political commentator in explaining how Sig Tognoli, 47, has allied himself over the years with Sig Bettino Craxi, the Socialist Minister of the Interior who is also Italy's first Milan-born head of Government.

But if the Craxi Socialist Party machine does exert rigid control over many aspects of Milanese politics, it has lately had a bit of trouble exerting control over Sig Tognoli himself.

With important regional elections coming up next month, Milan's mayor is under pressure from Rome to abandon his Communist coalition partners and form instead a five-party government along the lines of the Craxi coalition government. But the grime on his face when asked whether he would

But the growth of Milan as an economic capital has brought with it problems. Housing shortages are chronic, largely thanks to

The results of these and other changes have yet to become apparent and may for long lie hidden in the impenetrable accounts of the big banks. But a transformation is under way.

**Final inspection of a printed circuit board in one of Italtel's plants**

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Likewise, the Snia Fibre man-made fibres company is also

## ALAN FRIEDMAN

Others are Snamprogetti, the successful plant engineering company, and Agip, Italy's state oil business. Esso's Italian subsidiary also makes Milan its centre of operations.

Alfa-Romeo, the state-owned carmaker which employs nearly 39,000 workers and last year

In Textiles. Milan and surrounding areas such as Como north of the city last year accounted for about L4.400bn (\$2.2bn) of sales and the fashion trade is Milan-based.

In neighbouring Monza and Brianza, Italy's furniture industry turns out about 40 per cent of 1.3,200bn (\$1.6bn) of national sales, half of them in exports. Milan is not as heavily industrialised as it was 10 years ago. A number of the bigger com-

panies have established plants in the south of Italy and the city itself is better characterised as a financial and commercial centre, where two of the three IRI state-controlled banks (Banca Commerciale Italiana and Credito Italiano) have their headquarters.

Milan is also the home of Italy's two biggest publishers, Mondadori and Rizzoli, as well as the headquarters for numerous newspaper and magazine publishers. It is also a centre of international trade promotion, generally seen as a first stop for foreign executives and trade ministers.

ership

## PROFILE: PIERO BASSETTI



But surely, one asks, Milan has in Bettino Craxi the first Milanese prime minister in Italy's history.

For Sig Bassetti, 57, a businessman and a politician, Milan's strength and its weakness is the fact that no single authority is in charge. "Milan lacks a government," he says. "It is a strong pluralistic city that needs leadership; it is not like Turin where Fiat decides everything."

"No single Milanese commands anything. The cardinal archbishop doesn't, nor Montedison (the chemical company), nor Pirelli, nor the Christian Democrats, nor the mayor, nor the Chamber of Commerce. There is no clear leadership."

Milan, according to Sig Bassetti, and many people would agree with him, is the example par excellence of pluralism, competing centres of power that seem to produce chaos but in fact create immense wealth, that is the hallmark of the successful

"This is a place that has grown spontaneously," he says. "It did well in the 1950s and 60s, the years of the economic miracle, and it has been good the last seven to eight years."

Sig Bassetti is a tall man with a strong chin, thick black eyebrows and the frame of a man who competed in the track events of the 1948 Olympics. He comes from an old Lombardy family which established the Bassetti textiles group as long ago as 1885—the business itself had been set up by the Bassetti's relations, the Baroncini, in 1930. Piero Bassetti is now its chairman.

But the business, though one of Italy's major textile groups, has been in difficulties lately. Debt has piled up and in both 1982 and 1983 Finbassetti, the family holding company made substantial losses.

However, unlike other Italian families which might hang on until or even beyond the bitter end, the Bassettis recently agreed to sell their

business, whose turnover in 1983 reached L360bn, to their erstwhile rivals, the Marzotto group from the Veneto

The Bassettis have played a role typical of the prosperous business families that lead Milanese society. "Even under the Austrians there was no aristocracy here," he says. "And with capital being in Rome—it's as if England was run from Bristol—we Milanese have found other ways than politics of getting satisfaction."

Piero Bassetti has been involved in politics for most of his life, as a Christian Democrat but with a particular bias towards regionalism. He was one of the leaders of the campaign to get Rome to grant to the regions the powers they were theoretically entitled to under the 1948 constitution, and when the regional government of Lombardy was set up in 1970 he became its first chairman. He then served as an MP in

"I am not yet satisfied with what the regions have achieved, but it is early days: it will take 10 to 20 years." But he believes that the regional governments are the

"Look at Milan. We have a totally inadequate airport where people have to go out to all flights in buses. We have terrible traffic problems. We have a stock exchange that badly needs rebuilding.

"Yet for all these problems we have to ask Rome for money. If we had strong regional governments with proper powers, that wouldn't

"All our problems ought to be dealt with on a regional basis. I've just got back from a meeting in Lugano where we talked about the problems of the Alpine regions with people from Switzerland and Austria. This is the way things ought to be done in Europe nowadays."

James Buxton

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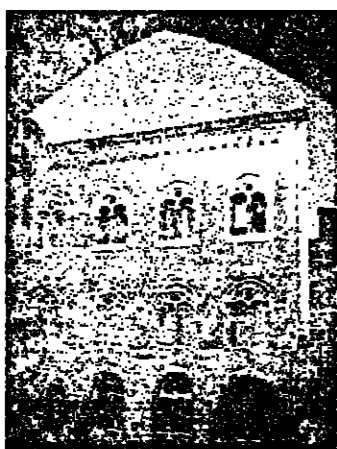
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## Milan 3



## City of the business dinner

WHEN A MILANESE suggests going out for the evening, he almost always means going out to a restaurant. Despite the abundance of theatre, cinema and, of course, La Scala, the most popular recreational activity in Milan is dining out, with friends or business associates.

Given the workaholic mentality of many Milanese industrialists, executives, bankers and stockbrokers, a "working dinner" has become virtually as commonplace as a business lunch. Many businessmen will shuttle between appointments all day, finish work at six or seven in the evening, and then go straight into a dinner filled with conversation about investments, corporate take-overs, banking gossip and personal changes.

In the fashion world—and it should not be forgotten that Italian clothing exports total about \$4.6bn a year—a working dinner is standard. For visiting foreign businessmen, dinner often provides the only "relaxed" opportunity to discuss deals or collect industrial intelligence.

## Luxury

The harried foreigner in Milan, perhaps staying at one of the three luxury hotels in the Piazza della Repubblica, will find an enjoyable Continental standard meal at the Palace Grill (in the Palace Hotel) or the restaurant at the Hotel Principe

Savoire. But for anyone visiting Milan for more than 24 hours, a visit to one of the city's fine restaurants is a must.

In Italy, restaurants range from the lowliest pizzeria to the simple and inexpensive trattoria, to a more traditional trattoria and finally up to a silver service ristorante.

Eating well, however, does not necessarily mean going to a ristorante. On the contrary, some of the best cuisine can be found at trattoria where there may not even be a menu and where the padrone will proudly reel off his dishes of the day.

If prestige counts and you want to impress your guest, or if your Milanese host wishes to impress you, then by all means book a table at Savini's in the Galleria or at Et Toulou off the Piazza della Scala, or at the Biffi Scala next to the opera house.

But do not expect to sample the best food at these places. Certainly the standard is world-class, but these three famous Milanese restaurants are more image than substance.

The food at Savini's is good, but generally boring, and the prices are designed for expense accounts—between L40,000 and L60,000 a head (\$20-\$30), wine included.

If instead, you want to sample fine-quality Milanese specialties such as Risotto

Da Bice, still managed by the septagenarian Signora Bice, is perhaps the most Milanese upmarket eatery. Located in Via Borgospesso, just off the Via Montenapoleone, Da Bice is always packed and the food is always delicious. You will not find bargain prices, and the tables are close together (so secret merger talks are out), but Da Bice is this city's chosen eating club.

Although a landlocked city in the middle of the Po Valley, Milan does offer some of Italy's freshest seafood. For lunch or dinner, the best place to sample poached salmon, fried calamari and shrimps, grilled sole and many more Italian fish dishes

(such as the delicious and mildly sweet rae) is at Alfio, in the Via Senato.

Again, prices are moderate to high, but the light and airy main dining room, complete with a tree growing through the roof, is a pleasant environment to chat, do business and sample a dry Gavi wine from the neighbouring Piedmont.

The selection of wines in Milan is first-rate, many of them coming from Piedmont or from the Veneto and Friuli regions in north-east Italy.

In most Milanese restaurants the house wine is a sure bet—just ask for the vino bianco or vino rosso della casa and you will know that the Padrone takes pride in his house wine.

It is hard to go wrong by ordering a Pinot Grigio, a dry white from Friuli; a Barbera, Barolo or Barbaresco, full-bodied reds from Piedmont; a Dolcetto, another red from Piedmont; or a Valtellina, a tasty red which goes well with meat dishes, and comes from Lombardy itself.

To see something of the Milanese fashion set eating well, don't miss Ristorante al Garibaldi, a new spot which opened only 12 months ago and has become very popular. The padrone, Bruno, will greet you with a sparkling dry white frizzante and complimentary antipasto. Then, you might sample the Tagliani con Nociocole (fresh

## Eating out

ALAN FRIEDMAN

Milanese (rice with saffron), Carpaccio (thinly-sliced raw sirloin with olive oil, grated parmesan and artichokes), or Cotoletta Milanese (Milan's answer to Wiener Schnitzel), then book instead at a restaurant where the locals dine.

Boeucc, in Piazza Belgio, so near to Duomo, is the haunt of many local businessmen and bankers who enjoy good cuisine.

## Delicious

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pastas with hazel nuts) or a Tagliata con Rucola (sliced steak with salad on top).

For those with a sweet tooth, Garibaldi's orange mousse or profiterole with chocolate sauce are exceedingly delicious. Garibaldi is a little way from the centre, in Viale Monte Grappa, which is near the Piazza della Repubblica.

## Salads

All things considered, it is difficult to eat badly in Milan. If you wish to try Italy's version of nouvelle cuisine, then book a table at the reasonably-priced Trattoria dell'Orso, in the Brera district (Via Clavasio) or at Il Dodi, which is in Via dell'Orso.

And for anyone seeking New York-style restaurants, there are more than 50 different salads, ranging from shrimp to mango to veal. Il Verdi in Piazza Mirabello is great fun. The only problem is that reservations are not accepted there, so be prepared for a 15-minute wait.

Play safe everywhere else by booking in advance: the competition for tables among the restaurant-mad Milanese is a deadly serious affair.

## Theatre, fog and wide choice of hotels

MILAN IS able to offer a wide variety of activities, from art to sport to haute cuisine, from avant-garde theatre and the opera to fashion. The city, which is in some ways more European than Italian, is aside from being the centre of Italian finance, also a popular conference venue.

However grey Milan may be at times, it does offer the occasional pleasant surprise. Walking down the narrow streets of this historical centre, you can discover, unexpectedly, a small and beautiful garden.

Milan is best on clear days, when the Alps appear in all of their splendour, 30 miles to the north. Unfortunately, such days are rare. Here are some suggestions for getting around the city.

**THE AIRPORTS:** Linate (15 minutes from the Piazza del Duomo) and Malpensa (30 minutes driving out from Milan) are the two international airports. The greatest problem at Malpensa is the fog, which in the winter can force the closure of flights to Malpensa.

Immigrations and customs facilities are quite efficient, and both airports offer banks which change money, if you are not in a hurry. From either airport you can take a bus into the city or a taxi.

**Flight information:** from 7 am to 11 pm: 74552200 (both Linate and Malpensa).

**TAXIS:** These are metered and operate 24 hours a day all year round. To find a taxi easily call Radio Taxi 8885 or 8767 or 8388, tipping is optional.

**CAR HIRE:** International or national driving licence acceptable. Payments of credit card is suggested. Special tariffs are available for weekend or one-week rental.

Many of the car hire companies are found at Linate and Malpensa airports.

**AVIS:** (Tel: 6981) (close to Central Station, Via Fabio Filzi and close to the Duomo, Piazza Diaz). Italy by Car (8703151) Via Vittor Pisani 13 (Central

Station). Autorent (860213) Piazza Della Repubblica (close to Hotel Palace).

**TELEPHONE NUMBERS:** All emergency services (fire, police, ambulance) 112. International calls—for Europe 15; for other countries 170.

**DOING BUSINESS:** Banks are open from 9.30 to 1.30 pm and from 3 to 4 pm every day. On Fridays they are open a quarter of an hour earlier in the afternoon. They are closed on Saturday and Sunday.

A good rule is not to lose your temper while waiting for a bank clerk who may be smoking a cigarette or talking with his friends. Banking operations require time, both because of the inefficiency and bureaucracy of the system.

**HOTELS:** There is a wide choice of hotels ranging from L40,000 for a pensione to L300,000 for a de luxe room. A reservation is necessary if you visit Milan during the "Fiera" (April) the most important trade exhibition, or during some fashion exhibitions.

The most luxurious hotels are generally fully booked all year round, and it is better to reserve in advance. Among the best hotels there is the Principe and Savaria, in Piazza Della Repubblica; Gallia Excelsior, next to the Central Station and the Grand Hotel de Milan, in Via Manzoni, a very old famous and pleasant hotel.

At a lower price range, are the Grand Hotel Fiera Milano, close to the Fiera, the Cavour, one of the more efficient hotels in the city, the Manzoni, which is in a central position, the Diana Majestic, frequented particularly by the fashion set.

Well situated and not very expensive, are the Casa Svizzera, close to the Duomo and the Ariosto, not too far from the Fiera.

If help is needed in finding a hotel, ask at the Ente Provinciale per il Turismo, in Via Marconi (next to the Duomo) and at the Central Station or at the hotel reservation office, in Via Palestro.

Prices include 18 per cent for taxes and service charges. Tipping is optional.

Principe Savoia, Piazza Della Repubblica 17 (Tel: 6230, telex 310052) Gallia Excelsior, Piazza Duca d'Aosta 9 (6277, telex 311160); Grand Hotel de Milan, Via Manzoni 29 (870757, telex 334505); Cavour, Via Fatebenefratelli 21 (650965, telex 320480).

Milano Via Manin 7 (659551, telex 320383); Diana Majestic, Viale Pave 42 (203404, telex 33047); Casa Svizzera, Via S. Raffaele 3 (807246, telex 316064); Ariosto, Via Ariosto 22 (400746, no telex).

**RESTAURANTS:** The choice of places to eat in Milan is large and varied and there are also a large number of self-service restaurants, fast food outlets and bars. Average cost of a good meal is about L30,000 a head, which is quite high, if compared to other Italian cities.

**SHOPPING:** The most famous shopping area is around Via Montenapoleone and Via della Spiga, where Armani, Versace, Soprani and all other well-known fashion designers have their boutiques. Corso Buenos Aires, near Corso Venezia, has the highest concentration of lower priced but good and sometimes excellent merchandise.

Shops are generally open from 9 to 7.30 pm, with a break for lunch between 12.30 and 3.30.

**Business Guide**

## ADVERTISEMENT

## EXPORTS, RESEARCH AND TECHNOLOGY: THE KEY FACTORS OF RECORDATI'S SUCCESS

Recordati's results for the year 1984 were announced after the meeting of the Board of Directors held on March 15, 1985. Emilio Moor, author of the stock market column on "Il Sole - 24 Ore," Italy's leading financial newspaper, reviewed the Company in the following article published on March 17, 1985.

Recordati's fine chemicals plant is located at Campovalle, on a 386,000 square metre site. The consolidated financial statements show a Lit. 7,329 million profit (approximately Lit. 1,500 million) for 1984, a 10% increase on the 1983 figure of Lit. 6,666 million. The value of the Milan and Campovalle plants was written off. The value of the Milan and Campovalle plants was written off. The value of the Milan and Campovalle plants was written off.

The growth of credit items is closely related to the growth of operations and is lower than the increase in sales. Available cash amounts to Lit. 12.6 billion (+4.6% on 1983). The 1984 financial results show a 10% increase on the 1983 figure of Lit. 6,666 million. The value of the Milan and Campovalle plants was written off.

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Journal 50

## Milan 4

## Exhibitions a major source of revenue

## Milan Fair

BY DAVID LANE

FAIRS AND trade exhibitions are significant sources of revenue for the City of Milan, and in particular for Milan's hotels, restaurants and shops. Last year nearly 5m visitors were drawn by the Fiera Campionaria (International Samples Fair) by the 75 specialised fairs and exhibitions and by more than 300 other conventions, congresses and conferences which are held at Milan's fair and exhibition centre.

Estimates from the Ente Fiera di Milano, the fair authorities, put the value of this business to the city at over L1,200bn (£500m).

Leaving aside the income generated for the city's hotel-owners and shopkeepers, Milan's fairs provide something for nearly everyone. And even when complaining about the disturbance which fairs cause to their daily routine, local residents are generally proud of the international prestige which the fairs bring.

Since 1983 when Milanovendemo Uomo was launched, the fair and exhibition calendar has got underway in January with men's fashions, an event repeated for a further four days in July.

"For stylists and Italian fashion creators it is an extra opportunity to reaffirm the made-in-Italy label as synonymous with prestige, imagination and exclusivity," says Giuseppe Orlando, chairman of Milano-Vendemo Uomo.

However, the show, which presents a complete range of men's clothing and accessories,

is not confined to Italian goods, and foreign producers use it to display their collections. "Milanovendemo Uomo has carved out a position in the international calendar," Sig Orlando says.

Later in January, and a month ahead of the spring collections, Anteprima offers an early look at how women's styles are moving. Last year 165 companies showed their fashions in January's Anteprima and the event attracted more than 8,000 buyers, nearly one-fifth coming from abroad. A further 6,000 buyers visited Milan for the autumn Anteprima last September.

## Collections

The key months for fashion are March and October. Buyers, sellers, models, photographers and columnists flock to Milan for the spring and autumn collections, and the hotels fill with beautiful women of all ages.

Four parallel events take place over a period of about one week: Milano-Vendemo, Spositalia, Modit and Milano Collezioni.

Milano-Vendemo started 16 years ago. "It was the first event to be organised in Milan for women's fashion, and was the starting point which has made Milan the most important international centre for fashion," says Giuseppe Orlando. In March last year 267 collections were shown, including 25 French and 18 British, and the event attracted nearly 22,000 visitors. The 300 collections at Milano-Vendemo in the autumn drew more than 298,000 visitors.

Similar numbers visited Modit, the women's ready-to-wear show. According to Fabio

Inghirami, the show's chairman: "This is a brilliant and irreplaceable observation point of Italian fashion for the buyers from boutiques and the world's most important large stores."

While fashion is an important part of the annual round of activity at the Milan Fair, there is much more on show than just clothes. Already this year there have been toys, household goods, sports and camping equipment, photographic materials, teaching materials, tourism, telecommunications, packaging, paper-making machinery and gold. There is considerably more to come: plastics and rubber, insulation, textiles and carpets, glass, high-lighting beauty products, food, drink and do-it-yourself.

Smau and Mifed are two of the biggest events held in Milan. The first, an international exhibition of office automation and computing equipment which has now reached its 22nd, event last year attracted 120,000 people.

Mifed is a twice-yearly international market of films, television films and documentaries which last year celebrated its 25th anniversary and 50th event. The 25 projection rooms at the Milan Fair operated without a break for Mifed's 13 days, showing 3,000 television films and 450 feature films, a volume of business which meant that many would-be exhibitors had to be turned away.

However the biggest event in Milan's exhibition calendar is the Fiera Campionaria, held over ten days in April. Indeed it was with the Fiera Campionaria, chalking up its 63rd event this year, that Milan started what has since turned out to be a massive business of playing host to fairs and exhibitions.

The buildings, infrastructure and organisation developed for the Fiera Campionaria have provided the framework for the wider and very lucrative area of specialist shows.

Milan's Fiera Campionaria started as and continues to be, a general fair. At the first of the series in 1920 it occupied an improvised site at the city walls near the Porta Venezia and there were 1,233 exhibitors, including 265 from abroad. Three years later the fair moved to its present site and by its tenth anniversary had attained third ranking in the list of annual world fairs, after Leipzig and Paris.

In the early 1960s the Fiera Campionaria reached a peak with about 14,000 exhibitors, of which one quarter came from abroad, and more than 4m visitors. By comparison, last year there were about 2m visitors to see the 7,200 stands from such disparate sectors as food and agriculture, chemicals, health, building, vehicles, electronics and precious stones.

There were also the shows put on by large Italian corporations like the state hydrocarbons holding ENI, the electricity authority Enel and Fiat.

Even if the Fiera Campionaria is losing popularity, its decline is relatively slow and in any case the event has led to the creation of the foundations and structures needed for the specialised fairs and exhibitions which industry and business require today.

The area of the Milan Fair covers 400,000 square metres and there are 43 halls and pavilions offering over 600,000 square metres of covered space.

The site itself is very close to the heart of Milan halfway between La Scala and San Siro, well-served by underground,



trams and buses, and very convenient for exhibitors and visitors alike. From the catwalk and fashion displays at the Fiera to Milan's smart shopping area of Via Montenapoleone is less than a ten-minute taxi ride. And for models with no fear for their figures, the restaurants of the fashionable Brera district and the city centre are near to hand.

## Packed

A continuing problem created by the fairs is the pressure placed on the city's facilities while they are on.

"It is impossible to find a place for an evening out. Restaurants are full, the Brera district overflows and nightclubs are packed tight," complained a young Milan executive. "I suppose fairs are fine for the city, but for residents they can be an absolute nuisance."

It is not only the Milanese who suffer: visitors to Milan may also find themselves squeezed by the effects of the city's fairs and trade exhibitions. Secretaries of businessmen, bankers or engineers whose

work take them regularly to the Lombardy capital will know the massive problems which can occur in finding hotel accommodation: the fruitless round of telephone calls to innumerable Milanese hotels, always ending with the same reply from receptionists, "Completo—full up."

Notwithstanding a total of more than 400 hotels with more than 18,000 rooms, Milan frequently runs out of space for its visitors. The six de luxe, 33 first-class and 118 second-class hotels are often not enough to meet peak demand and visitors are obliged to stay overnight in Comò, Bergamo or even Turin. To help business visitors schedule their trip to Milan, the Associazione Lombarda Alberatori (Association of Lombardy Hoteliers) prepares an annual Hotel Milan plan, with the calendar marked in red for those days during which hotels are fully booked because of fairs and congresses.

Last year with 49 red days it may have been hard to find a room, but this year is likely to be worse. There are 57 red days, and September, with 14 of them, looks especially difficult.

## Avant garde centre to rival New York

## Art

AT FIRST glance Milan is unattractive, with the few examples of truly fine historic architecture often hemmed in by severe office blocks.

Yet it is in this work-oriented setting, that one can find some of the most individual and exploratory work produced by Europe's contemporary artists.

Milan has 200 private galleries so that there is an opening for the show of one artist or another on almost any night of the week.

The Studio Marconi perhaps one of the most commercially successful, is helping to create in Milan a climate as culturally receptive to new ideas in art as only New York has been in recent years.

At the moment the Marconi is showing paintings and sculpture of the 81-year-old American abstract expressionist Willem De Kooning, his first one-man show in Italy.

The Salvatore Ala recently showed the surrealist paintings of the British artist Jeffrey Dennis and its next exhibition will be the figurative sculpture of another Briton, Anthony Gormley.

The Studio Cannavelli, which specialises in young German and Swiss artists, is now showing the work of K. H. Hoedicke, of the New Berlin School of painters.

There is more, however. Behind the grim facades of great stone palazzi, the intrepid tourist can find some stunning collections of considerable importance. The Brera Museum houses perhaps the finest collection of Trecento Italian masters in the world and also some splendid examples of the Renaissance—Veronese, Tintoretto, Gentile Bellini and others, as well as a large sampling of works of the Lombardy School.

## Fantasies

Less well known than the Brera but equally rewarding are, for example, the Poldi Pezzoli Museum on the Via Manzoni or the Pinacoteca Ambrosiana, also in the centre.

The Poldi Pezzoli, besides being worth a visit to see the architectural fantasies of its one-time owner, has in its permanent collection of Renaissance and 19th century paintings by Leonardo and others such as Mantegna and Cranach. The Pinacoteca Ambrosiana boasts one of the most delightful of Caravaggio's still lifes and, to mention just one treasure from so many, the Raphael cartoon for the School of

Athenes fresco in the Vatican Apartments.

Tourists in Milan often want to visit the Santa Maria delle Grazie, the church which houses Leonardo's fresco, The Last Supper. But this should be considered optional for the time being because of the massive restoration work on the faded picture.

One of Milan's best Romanesque churches, and well worth a visit, is Sant' Ambrogio, which was founded in the 4th century. It has a 9th century apse and the rest of the building dates from the 12th and 13th centuries. The church also offers a small but splendid collection of paintings.

## Mystique

In terms of music Milan means La Scala, which has no equal in the world's leading opera houses. Behind the glamour and mystique though, this acclaimed institution is subject to strikes and administrative problems.

Consequently tickets are exceedingly hard to book unless you are actually in Milan. But when the conductor lifts his baton and the curtain rises, La Scala is as compelling and beautiful as ever.

Theatre is another area in which Milan offers originality and innovation. The Theatre of the Eye, by Dario Fo—who achieved fame in the UK for his Acid-Death of an Anarchist—has been in preparation.

Its opening was recently delayed by three days, but this is not exceptional given the cranky bureaucratic machinery which accompanies Italian theatres. It is quite common for performances to be rescheduled, and that includes productions at La Scala.

Finding out about theatre and the arts is also not as easy as one might think. Unbelievably, there is no comprehensive list or publication where a culture-hungry public can find details of Milan's vast arts ensemble.

Word of mouth is the surest way, although the casual visitor can always find some information in the Corriere della Sera, Milan's leading newspaper.

Another starting point for information should be the Milan Tourist Office, next to the cathedral in the Piazza del Duomo, or the cultural office in the Galleria, just off the Piazza della Scala.

For those on a short stay and wishing to take in two of the city's most striking sights, a stroll atop the roof of the Duomo (reached via a lift at the rear of the cathedral) can be very rewarding. Equally, a visit to the Castello Sforzesco, the imposing castle with a most impressive interior, is a must for the majesty and power of Lombardy's capital.

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## Fashion

FRANCINE DE TOMMASO

IT IS POSSIBLE to take Italian fashion too lightly. Lurking beneath the national obsession with colour co-ordination and a bella figura is an enormous national industry.

Clothing is in fact the second largest industry in Italy (after tourism), with an annual turnover of more than L11,000bn (\$5.5bn).

With exports last year exceeding L2,000bn, the Italian clothing industry is the country's largest positive contributor to its trade balance, L3,400bn last year. And with exports growing by 25 per cent last year alone, it is possible that the industry is only just hitting its stride.

Italy's textile and clothing industry is a maze of industrial configurations, from cottage weavers and knitters to giant state-run holdings such as Lanerossi, from medium-priced industrial entrepreneurs such as Benetton to the pac-setting haute couture masterpieces of Valentino.

One thing which almost all of them, have in common, however, is a tremendous elasticity which enables them to respond quickly to the changing demands of a volatile, often youth-dictated marketplace. They also have a foreign oriented sales strategy which has enabled the fashion industry to grow in spite of occasional stalls in the country's own level of consumption.

Significantly, in spite of growing and fiercely competitive fashion industries in Japan, the Far East and elsewhere in Europe, Italy's clothing exports—which constituted 40 per cent of its sales last year—are soaring.

The U.S. alone bought 81 per cent more clothing from Italy in 1984 than it did in 1983, bringing its purchases to L3,700bn, and making it Italy's second-largest export market.



Above: wool jersey dinner dress by Franco Masciullo and (right) jacket and skirt by Septant, both at the March shows in Milan for autumn and winter wear.

West Germany, which is Italy's largest export market for clothing, boosted purchases 25 per cent in the same 12-month period, to L1,067. France increased purchases by 18 per cent to L536bn and the UK charged ahead in Italian clothing as well, buying some 47 per cent more to reach a level of L306bn last year.

What is most impressive about all of this is that Italy has actually appeared on the international clothing scene rather

late in the game. Long after Chanel and Dior were changing the way women in Paris and the world were dressed, Italian fashion was still at a fledgling stage. It wasn't, in fact, until 1973, when a few creative forces—Missoni and Krista among them—left the budding fashion collective in Florence to take up a stand in Milan that the rest of the world began to pay attention.

The Italian names that are currently recognised around the

world are often enterprises less than 15 years old. Armani, for example, which had an estimated turnover last year of L40bn, showed his first menswear collection (he began designing women's wear a year afterwards) in 1975, when he was just slightly more than 40 years old. In the 1960s, Giorgio Armani was a salaried employee at La Biadene, one of Italy's largest department stores.

In the slightly more than 10 years that the Italian designers

first began presenting their lines in Milan, the city's fashion industry has grown into one of the world's leaders—par with the level of creativity and business done in New York and Paris.

Today, the twice-yearly Milano Collections, held at the Milan Fair grounds, brings together the world's most important fashion buyers to review Italy's latest wares. The week-long Milan shows include not only the 30 or so runway events staged by such top designers as Gianni Versace and Gianfranco Ferré, but also Modit, an exhibition which incorporates another 200 or so top firms, and Milano-Vendemo, a second grouping of lesser-priced firms.

No one can estimate how much business is done at the week-long presentation of women's clothing in Milan, but with firms such as Gianni Versace expecting sales during the week to exceed \$25m—first cost—it is easy to see that business runs into hundreds of millions of dollars.

Though people speaking of Italian fashion tend to think of women's wear, the fact is that the menswear industry—which also has its twice yearly week of presentations and sales—is possibly the larger industry.

It certainly is in exports—sales of menswear last year outside of Italy exceeded L1,749bn, against women's wear exports of L1,606bn.

While designers names such as Armani, Versace and Soprani are the stars that glitter in Milan's fashion world, the Italian fashion industry is much more than a handful of big names. Firms such as Benetton—a barely 20-year-old business with already more than 3,000 stores worldwide and an annual turnover that exceeded L500bn in 1984 sell in the medium-price range.

Other firms make their business producing and licensing designs. Gruppo Finanziario Tessile of Turin, for example, licenses various lines for designers such as Armani, Valentino, Ungaro and others, reported L420bn in turnover last year.



## COVENTRY 2

## Shortage of white-collar jobs

## Service sector

THE STRONG dominance of manufacturing over service industry employment has swung sharply in recent years. Both sectors are now roughly equal in size. The reason is not the increase in office jobs — up by only 2 per cent in seven years but the drop in manufacturing, down 25 per cent.

The problem caused by the lack of white collar jobs has been highlighted in two special reports by the Confederation of British Industry. The contrast is drawn with areas traditionally regarded as highly industrialised, such as Tyne-side, where services now account for 70 per cent of employment.

The CBI notes that Coventry has benefited from the growth of business conventions and entertainment and the National Agricultural Centre, nearby at Stoneleigh, and the National Exhibition Centre at Bickenhill. The Confederation stresses that "every effort" must be made to attract government departments; banking, investment groups, insurance and building societies to the city.

Mr Bob Tarr, chief executive of the city council, with his Greater London background, is not alone among professionals in his bewilderment at Coventry's failure to attract office employment.

Mr Mike Collett, manager of Equity and Law Life Assurance Society, which decentralised part of its London head office operation to Coventry a decade ago, enthuses: "We have had a field day." The society, with 210 staff in Coventry, has acquired the building next door to erect a 30,000 sq ft development which could employ up to another 150.

Further proof of the business to be done in the city is provided by the Coventry Building Society. One in three of its 60 branches are in Coventry but investment deposits in spite of recession climbed by £100m to nearly £400m last year.

Ironically, Coventry probably suffers as an office centre from the very quality of its communications astride the motorway network and with a half-hourly rail service to London — just over an hour's journey away.

Like Birmingham, it is almost too close to the capital to be considered for major office relocation. Unlike Birmingham it is not the regional centre and lacks the central government offices and highly developed financial and banking community.

Mr Collett, while somewhat jealous of the advantages his company has enjoyed by lack of competition in the city, is keen to promote Coventry's development as chairman of the professional committee of the Chamber of Commerce. "There is no doubt that Coventry's strengths

and traditions are manufacturing. Its culture is based on industry and I hope will continue to be so. But there is a need for greater balance." Equity and Law chose to move to the city in the early 1970s partly because of communications and the ready availability of low cost premises. But a key factor in the original move and the present decision to expand was "the high quality of recruits coming through from Coventry schools."

## Expertise

Mr Collett says: "That element has remained constant in the face of all the problems the city has faced over the past decade."

The society has sought "O" level leavers and above, with a bias towards female labour for clerical work. "We like to train our own staff and have met with such a good response that they have gained in qualifications and expertise. We have been able to give them greater responsibility and bring more work into Coventry."

Coventry for many years has been able to offer low rent accommodation which in itself presents a problem in responding to changing requirements. With rents for modern multi-occupation blocks lagging at around £3 to £3.25 a sq ft there is no prospect of new development except to exploit special situations.

There is a fair amount of space in the city's 2m square feet of offices, but it tends to be scattered in smaller units, according to Mr Jim Conry, of agents Robinson Osborne and Moules. He reports that the company looking for around 10,000 square feet to 15,000 square feet might find problems.

The fact that Coventry tends to serve a local market rather than providing a relocation alternative is indicated by the time that Leyland Cars former headquarters, next to Coventry railway station, has hung on the market. Agents Grimley and Son rather than looking for a single tenant for the 55,000 square feet building are now prepared to let floor by floor.

But one office sector exciting some interest among developers is the provision of small two to three storey self-contained units with their own front door. Such projects, increasingly popular in Birmingham, may be viable when sold freehold.

As the distinction between office and manufacturing activities becomes blurred with the advent of high technology, companies are likely to have to look to the Warwick Science Park for accommodation.

Beyond that the city council is developing the 55-acre Whitely business park on which fully-serviced sites, geared especially towards the requirements of the high-tech companies will be available on flexible terms from the summer of next year.



Bob Tarr, council chief executive (left) is pioneering management changes. Harry Noble, city architect and planner, heads the drive for new jobs

## New vision needed to raise caring

## Social pressures

COVENTRY has deep social problems, to which politicians, churches and voluntary agencies are unable to provide an adequate response.

"Coventry needs a new vision, an extra dimension, to create a caring community able to ease the suffering of its submerged population — the thousands of unemployed," says Canon Peter Berry, vice-provost of Coventry Cathedral.

"We are not a united city. The people in the prosperous southern districts have no concept of the problems in the north, where about 50 per cent of the community is coloured. We are not a multi-racial city but a city with multi-racial areas."

He talks of "the huge question of the need for a redistribution of wealth" and queries whether the unemployed and underprivileged will "just accept a situation where they are expected to live on a family income of perhaps £40 a week when the average wage for a manual worker is £175."

He speaks with the radical voice not of youth but of experience. At 49, he has been involved with the cathedral since he was ordained there in 1962 — the year it was consecrated by the Queen.

"That was the high point of Coventry's prosperity. Unemployment was less than 1 per cent. We were a boom cathedral for a boom city."

Seated in "Fraters," the refectory restaurant, he speaks above the throng of tourists, the American accents, the talk of a wonderful place. They have come to admire the modern architecture, the Sutherland tapestry, the Epstein sculpture — merely another stop along the road from Warwick Castle to Shakespeare's birthplace at Stratford. He knows the Coventry they will never see.

"Coventry, because of its heavy concentration of manufacturing industry, faces a more serious crisis than most communities in the rest of Britain. False hopes are being raised, whether by national government or local authorities, about the likely benefits from new initiatives and enterprise."

"Here in Coventry the city council is giving a lead and offering a vision of new high technology industry based on the science park and other initiatives."

But Mr Berry argues that the reality is harsh. "Coventry faces a problem of structural unemployment, the new sophisticated industries will not be labour intensive and the city must come to terms with thousands of long-term jobless."

His ministry takes him into the homes of ordinary Coventry people. "There is a hidden world of the unemployed. The Protestant work ethic runs deep and these people are ashamed and unable to accept there is no place for them in a city which once offered such prosperity. Their contact with the outside world is often confined to receiving their grocery from the social security."

Mr Berry points in particular to the "frustrations" of young well-trained school-leavers and those over the age of 50 who seem to face the prospect of never having a job.

A leading figure in community relations — he was seconded to advise the Home Office in the 1970s — he ex-

presses concern that "Coventry faces, just below the surface, acute tension with a racial basis."

While coloureds formed only 10 per cent of the population, districts in the north of the city had concentrations of about 50 per cent. "Unemployment creates insecurity which creates intolerance," he warns.

Mr Berry is clearly a man agonising about how to launch a united initiative to tackle Coventry's problems. He argues that the very scale of the enterprise should not daunt efforts, however.

But he concedes: "Once things have started to decay, factories close and areas become derelict, it has a dangerous psychological effect."

He acknowledges that the agencies that should be rising to the challenge appear to be lacking at the moment they are most needed. Recession has changed the character of politics with Labour, the natural controlling party in such a working class city, afflicted by militant infiltration and divisive arguments.

"Even the churches are just as much affected by the signs of decline," Mr Berry says. "At the time we need to be strong, there appears to be a crisis of faith."

"Why cannot the jobless remain on the books of the company, receive their unemployment pay through the agency of the company and continue to enjoy the social facilities for their former workmates?"

He urges the case for a radical rethink about the nature of work and unemployment. "In the world of new technology it may prove impossible to find employment for everyone. But work is essential to human development. It reflects the individual's contribution to society, his role in the community."

Mr Berry floats an idea which he has just begun suggesting to employers and trade unions. "Why when a person is made redundant do they have to become part of a separate society and lose contact with their community? Why can't they remain on the books of the company, receive their unemployment pay through the agency of the company and continue to enjoy the social facilities with their former workmates?"

He suggests that experts might be provided to large employers, such as Jaguar, Talbot or GEC, to organise community work projects for redundant workers.

"The problems are obvious. But such an initiative would enable people to keep their self respect within the company and make a contribution to the local community."

Mr Berry believes his ideas could strike a chord with some trade unions. "Rather than a preoccupation with the pay and conditions of present members, they might allocate a full-time official to look after the interests of former members who could again potentially swell the ranks."

He also sees a role for the working men's clubs in the city. "Their membership and takings are down because of unemployment but they provide a ready-made structure for dealing with the social needs of the jobless."

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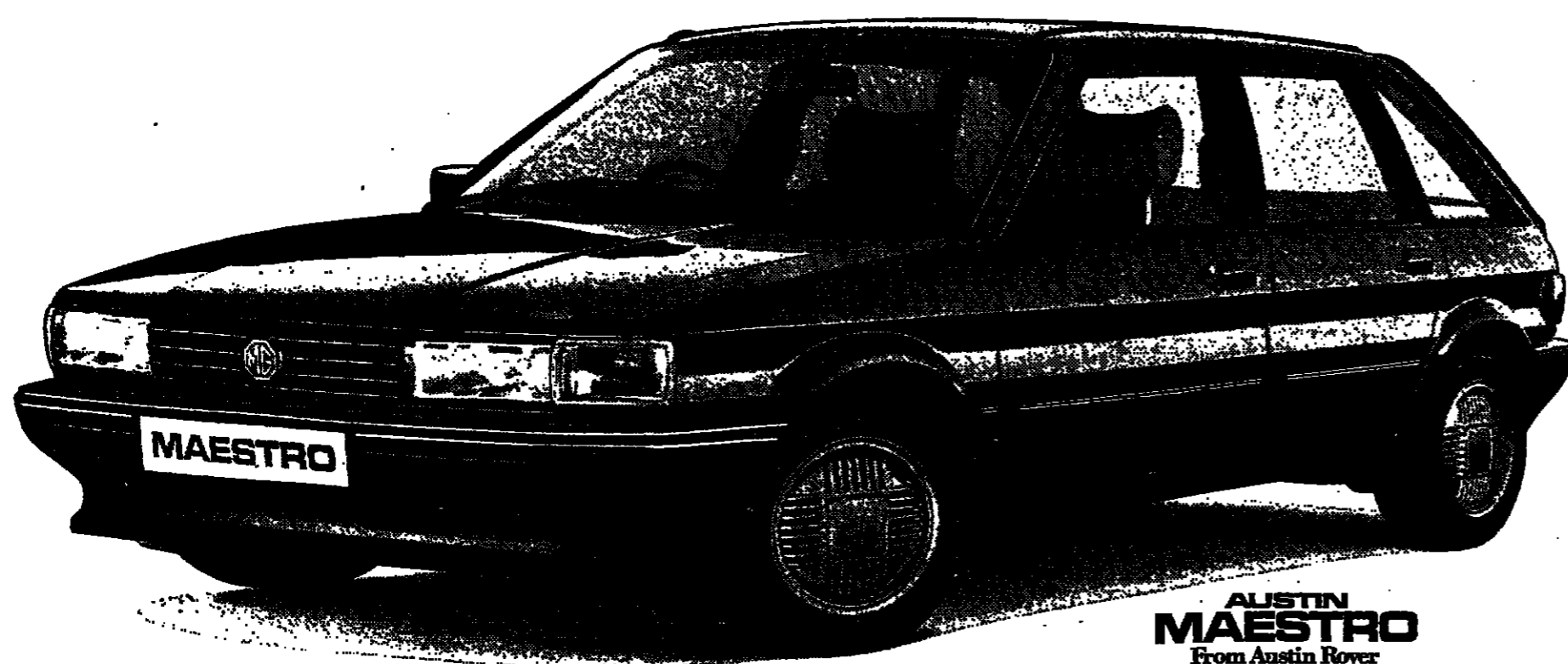
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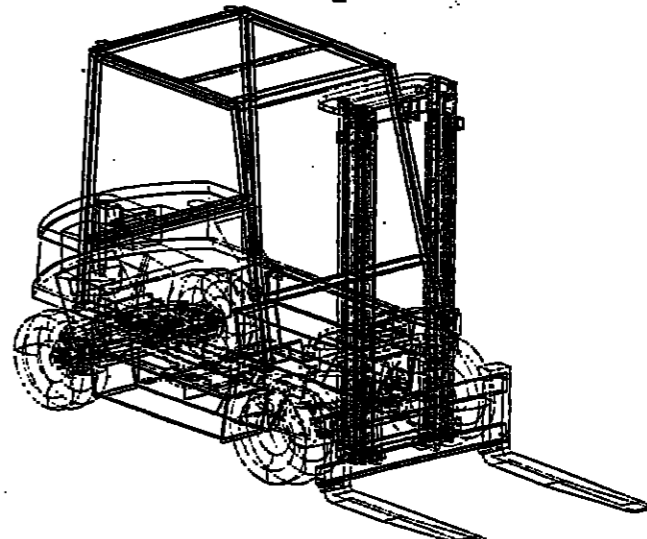
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\*Manufacturer's data. D.O.T. Reg. MG Maestro L3 HLE simulated urban cycle 28.5 mpg/21 l per 100 km. Constant 56 mph 60.5 mpg/4.7 l per 100 km. Constant 75 mph 41.5 mpg/6.8 l per 100 km. MG Maestro 2.0 EFI simulated urban cycle 28.5 mpg/21 l per 100 km. Constant 56 mph 60.5 mpg/4.7 l per 100 km. Constant 75 mph 41.5 mpg/6.8 l per 100 km. Prices correct at time of going to press including number plate and delivery. Black paint shown available at extra cost. Nationwide car rental reservations through British Car Rental. Tel. 0203 77225. Austin Rover: Car sales information 021 475 2301 Ex. 220.

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## COVENTRY 3

# Pioneer seeks to shake up managers

## Technology

PROFESSOR Kumar Bhattacharyya might be a professor of Engineering in one of the UK's biggest facilities at Warwick University, but he is critical of engineers. "Many of them have performed in industry like a load of nimbles," he says. Yet he feels the potential engineers can offer to industry has not been realised. "You can teach an engineer about profits and costs more easily than you can teach an accountant about engineering."

For that reason he believes the courses and projects he is pioneering at Warwick University will do more to integrate the contribution of the engineer to management than has so far been achieved by the conventional business schools whether in the UK or in the U.S.

The fact that the Government in its efforts to promote advanced manufacturing technology has identified Warwick as "well placed to become a national focus" owes much to the work of Mr. Bhattacharyya as Professor of Manufacturing Systems.

Mr. Harold Musgrave, the Austin Rover chairman, announced recently a £5m joint venture with the university to set up an advanced technology centre. He paid tribute to the working links between the academic and the practical world set up by Mr. Bhattacharyya.

Other companies established at the successful Warwick Science Park, where Mr. Bhattacharyya believes the university can act as a catalyst in breaking down the barriers between disciplines and pioneering new technologies are Automatrix and Computervision, both U.S. leaders in automated systems.

Professor Bhattacharyya stresses the need to permeate the thinking of all levels of management from the trainee engineering graduate right through to the boardroom. He captures the bright young re-

cruits through his integrated development programme under which the university collaborates directly with big companies including BL, Lucas, Rolls Royce, British Aerospace, Short Bros, Dunlop Aviation and Smith Industries, to develop the management skills needed by the industry.

The pioneering two and a half year course which combines specialist study at the university with solving shopfloor problems is intended to attract high calibre engineering graduates who previously have been loathe to enter manufacturing industry.

"But it's no use training and educating about these talented graduates unless they can return to a company where their management superiors are sympathetic to innovation," Professor Bhattacharyya argues.

Accordingly, he runs "awareness exercises" for middle management at Arden House, a purpose-built residential centre. Executives are brought in groups of around a dozen for a concentrated week which might involve 80 hours of work. "We hit them hard."

## Objectives

Managers are briefed on the new technology available and Arden House with £25m of computer aided design and manufacturing equipment offers the advantage of one of the biggest training facilities in Europe.

Professor Bhattacharyya broadens the exercise both for middle management and for top directors by focusing attention on their own companies. "It is amazing how many senior executives cannot present a profile of the company for which they work. Identify the corporate strategy or philosophy."

We pose the questions: What are the company's objectives? What are its strengths—product, manufacturing, innovation, marketing? How is management structured? Who are the decision makers?"

Professor Bhattacharyya argues that the drive for tech-



Prof Kumar Bhattacharyya: his drive was a key factor in the Government's choice of Warwick as the focus for advanced manufacturing technology. The 44-year-old professor was a trainee with Lucas and set up a manufacturing systems unit at Birmingham before moving to Warwick in 1980.

nological change has to come from the boardroom right down through the company structure and cannot be tackled on a piecemeal basis. But the "integrated technology strategy" which he preaches is essential runs "contrary to UK management culture."

"In Japan you have the real company men. They are imbued with the same culture, the same values and objectives, the ability to communicate and cooperate. West Germany and the U.S. have managed to create technocrats. In the UK management is heavily disintegrated and organisations become preoccupied with internal politics."

He complains that British companies are plagued with high overheads because of the obsession with man-management. "You are judged by the number of people who work for you. Whether your department is rising or contracting. Worse than that the criteria for judging performance varies between departments. No one is speaking the same language."

To that end he argues that the use of computers and graphics to provide a common data base could offer the way for British companies to

achieve the cohesion and unity that the Japanese are offered by their culture.

Professor Bhattacharyya maintains that the management practices of a lifetime have to change to allow the input of the engineer and the technologist to be integrated into the decision-making process.

"New technology has always been a panacea," he says. "If people without a technological background but indoctrinated to believe they know best how business should operate are given their head great schemes are hatched and the money is squandered overnight."

He says that the enabling technologies may be available but it is not a question of merely taking them off the shelf. "Too often one department will experiment with computer-aided design and regard it as failure. That might be true of the one operation but what criteria of measurement were used and how did it relate to other activities?"

It is for that reason that Professor Bhattacharyya is aiming at carrying his message to the boardroom and urging an integrated approach. "Obviously all companies are different and the problem is as complex as

fitting together the pieces in a jigsaw deciding which technologies are relevant."

He sees his operation at Warwick as the catalyst in transferring technology. His experience in solving the problems of one company can be carried over to another without divulging commercial secrets. The fact he can use Austin Rover, Lucas and Rolls Royce as his laboratory companies and he has as his assistants the likes of Computervision and Automatrix means that he has taken the university deep into the heart of the industry.

But at the end of the day he believes that the crash programmes in self-awareness and analysis that he runs for companies at Arden House are crucial. "The majority of British engineering companies are still ailing. Everyone demands that the Government should do something. But what? Cheap interest rates? More technology grants?"

"Before any new money is poured in, companies should be forced to identify their own profile. Why do they need new technology and can they cope with it?"

# Warwick's late success

## Science Park

IN A PERIOD when nationally the first enthusiasm for science parks has begun to wane, Warwick is an exception. In little more than 12 months the 24-acre site in a Coventry suburb close to the motorway network has attracted private sector investment, spawned new companies and already faces the welcome problem of shortage of space.

The park is a happy partnership between the university and the councils of Coventry, Warwickshire and the West Midlands. "Happy" comments one cynic, "because each believes its contribution was crucial. Everyone is basking in the success."

Mr David Rowe, the science park director, is quick to point to the academic opportunities provided by the university, and to the contribution made by Professor Kumar Bhattacharyya, head of manufacturing systems. He has worked closely with the big names such as Lucas, Austin Rover and Computervision, attracting private sector finance.

Warwick, now bracketed in terms of its successful science park with Cambridge, was very much a latecomer to the market. Barclays Bank put £125m into

a Venture Centre which was opened last February by Mrs Thatcher. Within seven months the building was occupied by 18 companies taking space varying from 3,000 to 15,000 sq ft.

The next project, backed by £1m from the West Midlands County Council, provided advanced technology units ranging from 5,000 to 15,000 sq ft. Coventry City Council under a £12m scheme is now offering 32,000 sq ft in units starting from 2,500 sq ft.

## Attracted

The key to long-term success is the interest now being shown by the private sector. Investment bankers, MMG are seeking £5m of institutional funds for financing pre-let deals on 10 acres of land likely to be developed over the next three to five years. The speed of take-up of accommodation means that the science park is now negotiating to acquire more land for expansion.

Mr Rowe says that the knowledge-based companies attracted to the park represent a good mix ranging from new starter enterprises through to teams from large businesses such as Automatrix, a fast-growing offshoot of the U.S. company that is pioneering intelligent robot systems. Sinclair Vehicles carried out the de-

velopment work on its controversial CS electric "car" at Warwick.

Indeed, the bulk of the 23 companies now on site have research or business interests in common with Professor Bhattacharyya's engineering activities whether in computer-aided design, robotics or new manufacturing techniques.

Other companies, such as International Embryos have been drawn because of the university's strengths in bio-technology.

The Science Park is seen as crucial in providing the seed-corn for the new industries for Coventry. While initial employment creation is limited—albeit Computervision are likely to provide more than 100 jobs within 12 months—the new technologies are regarded as important in establishing Coventry's new manufacturing base.

Mr Rowe points out that while the 24-acre site might provide direct employment for perhaps only 1,200 people, the new companies will be a source of innovation, generating spending power and manufacturing throughout the city.

The city council, anxious to ensure the new industries have space in which to grow, is developing a 55-acre business park at Whitley, just a few minutes' drive from the science park.

# Magnet for private funds

## University

WARWICK HAS become one of the fast-growing new universities attracting funds from the private sector under its vice-chancellor Mr Jack Butterworth, who was made a life peer in the last honours list.

Mr Mike Shattock, the registrar, points out that more than 20,000 applications are received for the 1,500 undergraduate places at the university. "Over the past decade we have become a major presence in Coventry and we have a close partnership with the city not just in its economic regeneration, but in the training of its teachers, the provision of the facilities for residents and, perhaps most important of all, in the spread of liberal values."

He is at pains to avoid the university being identified merely with ivory tower activities. He draws attention

to the rapidly-expanding business school for which the university itself is financing a new wing and a £15m post-experience course centre, and the fact that Touche Ross has funded a small business centre and Coopers and Lybrand a manufacturing renewal centre.

Mr Shattock argues that the major reason companies have put money into the university is its science and technology base. He cites the manufacturing systems group in the engineering department which has just formed a £5m partnership with Austin Rover, BL's car company, to provide an advanced technology centre.

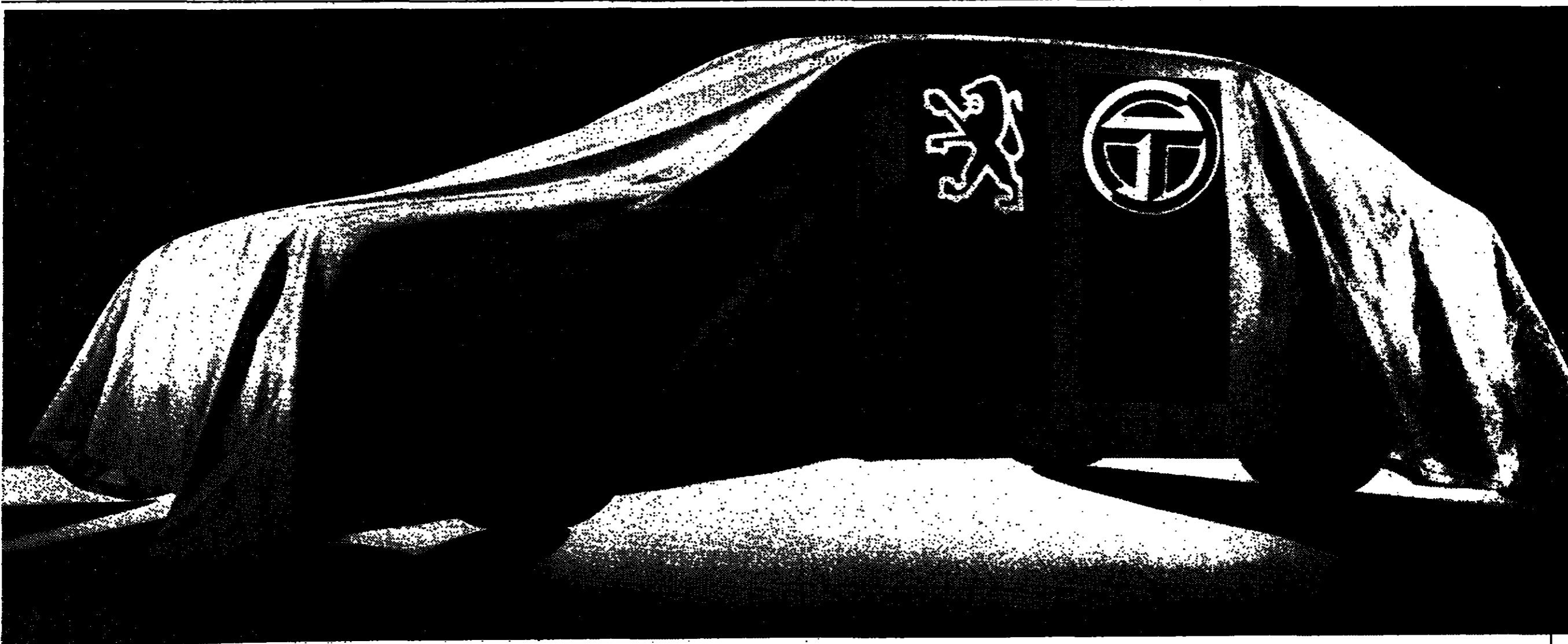
Biotechnology is another growth point. "So successful has our research in this field been that we are building a biotechnology institute almost entirely out of private funding to undertake commercially sponsored research."

He claims Warwick has the fastest-growing science park in Britain, with 23 companies and 175,000 sq ft of accommodation built or planned just over 12

months after the opening of the first building. Even as a conference centre the campus attracted more than 200 events involving 50,000 people last year. The university is now spending £730,000 which Mr Shattock says will boost both turnover and profit by 50 per cent.

He boasts the university has the largest arts centre complex in Britain outside the Barbican built entirely from private funds. More than 200,000 people attended events last year. An art gallery and cinemas will soon complement the centre's two theatres and concert hall.

Back to the practical level, Mr Shattock focuses upon the Coventry Consortium in which the university has joined with the Coventry Polytechnic and the three colleges of further education to offer a joint programme of self-financing courses for local industry. More than 100 courses are planned for this year in what Mr Shattock maintains is an important programme for attracting new companies to the city.



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For details contact:  
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# COVENTRY 4

## Revival hinges on repeating history

### Industry

COVENTRY'S jobs crisis can be explained quite simply: it has depended upon too few, too big companies for too long. A problem of structural unemployment was endemic in a situation where, just 10 years ago, the top 15 manufacturers accounted for every other job in the city.

The big 15 have more than halved their workforce—a drop of nearly 50,000—and now account for only one job in three. Heading the casualty list have been such household names as BL, Talbot, Rolls-Royce Motors and Massey-Ferguson.

Despite the dramatic drop, the big boys still dominate the manufacturing scene. Coventry, with a plethora of small companies which have been the main source of growth in recent years, lacks the medium-sized operations necessary to create a more balanced economy.

Most of the nearly 60,000 jobs shed in the period 1974 to 1982 have gone for good, according to a study by Michael Healey and David Clark, of Coventry Polytechnic.

They point out that the large branch plants of the top 15 companies, most of which are externally owned and controlled and are predominantly engaged in engineering and vehicle manufacture, did little to introduce new sources of employment growth or increase diversification.

### Encouraging

By contrast, the small independent Coventry-owned enterprises, though also shedding labour, generated many new jobs, particularly in products outside the traditional engineering sectors.

The moral has not been lost on Coventry that it must pitch along with the rest for the new industries. Nor is there any shortage of diagnosis. A recent study by the special programmes unit of the Confederation of British Industry comments: "Coventry grew by developing new industry in new products and technology, based broadly on existing skills. The old industries did not neces-

sarily die completely."

The study also suggests: "A Coventry revival may well depend on history repeating itself."

For the present, industrialists are less ambitious. Mr Brian Willis, director of the Coventry Chamber of Commerce, takes comfort from the modest improvement in business confidence. Local industry surveys are less bullish than the national picture would suggest. But Mr Willis insists that "the underlying signs are encouraging."

The fact that the city has been granted assisted area status is seen as enabling Coventry to compete equally with other parts of the country and go for the new growth industries it was denied during the booming 1960s.

Morale has been boosted by the early success of the Warwick science park in attracting high technology companies. But greatest pride is taken in the dramatic turnaround in the fortunes of Jaguar cars—the fact the quality and luxury of the product for which Coventry is best known is again being acknowledged around the world.

The company, now privatised with worker shareholders and rising profits, hit new sales and production records in the first quarter of this year. Following record UK sales in 1984, Jaguar has already boosted registrations by 13 per cent this year. Sales to the important U.S. market are up 10 per cent and on the Continent of Europe by 19 per cent.

Industrial relations and productivity have improved under the management style of Mr John Egan, the chairman and chief executive. Output in the first quarter reached a new high of more than 10,000 cars and Mr Egan claims the company is well on the way to achieving its target of boosting sales worldwide by 10 per cent this year to 36,000.

BL's role as a Coventry employer has declined rapidly, partly as a result of the selling off of companies such as Jaguar, Alvis and Coventry Climax. But Austin Rover, even though it halted volume car assembly in the city with the closure of its Triumph works, maintains its head office at Canley in Coventry. Indeed, the Canley design and research centre is only a short distance from Warwick Science Park where Austin Rover is building in partnership with the university a 25m advance technology centre.

### The changing face of industry

● Coventry's top 15 manufacturing companies in 1975—and the decline in the number of people employed by them in 1984:

Company	Number employed 1975	Number employed 1984	% of 1975 employment
1 BL	27,258	12,924	47
2 GEC	16,166	9,150	57
3 Talbot	12,537	4,569	36
4 Rolls-Royce	8,307	4,300	52
5 Massey-Ferguson	6,014	4,150	69
6 Dunlop	5,749	3,205	56
7 Courtlands	3,786	2,500	66
8 Alfred Herbert	3,469	0	0
9 Associated Engineering	2,679	726	27
10 John Brown	2,195	316	14
11 Renold	1,138	0	0
12 TI (Tube Investment)	1,091	470	43
13 Lucas Industries	1,010	603	60
14 Ingersoll Rand	948	623	66
15 Sandvik	839	358	43
Total	93,186	43,894	47

● Employment in Coventry reached a peak in 1973, but has declined since then:

	1975	% share of top 15 firms	1984	% share of top 15 firms	Total loss of jobs 1975-84
Top 15 companies	93,186	100	43,894	100	49,292
Total manufacturing	114,126	82	57,000	77	57,126
Total employment	192,298	49	135,000*	22	57,298

\* Estimates.

Source: Coventry City Council.

The state-owned cars company, despite dramatic productivity and technological advances in recent years, still faces uncertainty because of the apparent failure of its new model line-up to have the desired impact upon the UK market.

Government disappointment at the company's sales and profit performance has prompted the Department of Trade and Industry to make a vigorous assessment of the five-year corporate plan. The outcome of that review is likely to determine the type and extent of any future link-up with Honda, of Japan, with whom Austin Rover is currently collaborating to produce a new executive car, code-named "the XX".

Talbot cars, formerly Rootes and then Chrysler, but now the UK subsidiary of Peugeot, of France, has contracted in recent years. Crucial to the future of the company is the investment now going into the assembly plant at Ryton, Coventry, for the introduction of a new model, the C28, due later this year. The new car is planned to boost UK market share which has slipped with the present ageing Ryton assembled model range of the Alpine, Solara and Horizon.

Another problem for Talbot is disruption to its contract, worth more than £100m a year, to supply car kits to Iran—the UK motor industry's biggest single export deal. The political and economic troubles in Iran have led to delays in payments, causing lay-offs at the Stoke engine plant, Coventry, where the kits are manufactured.

The company argues that the worst is now behind it and its UK models, supplemented by the Peugeot range, provide a base for expansion.

### Rationalisation

But there has been good news for the 700 workers in the Dunlop automotive engineering division with the announcement of the intention to invest £6m to create one of the most advanced wheel-making manufacturing plants in the world. The Dunlop Coventry operation, the last of the outside suppliers of car and van steel wheels to the UK assemblers, had but a limited future without such new investment.

The project, subject to Government support under the new regional assistance aid, will offer flexible manufacturing systems to enable quick change-over times to cater for the broad

range of wheels demanded by the relatively low volume UK assembly industry. Dunlop, which already exports 10 per cent of the output, is also looking to boost overseas sales.

Indicative of the investment and rationalisation made by Coventry's big employers to cope with international recession is Massey-Ferguson. As markets have shrunk work from the U.S. and France has been brought into the Coventry factory, the company's largest tractor plant which now exports around 80 per cent of its output.

Mr Scott Glover, director of UK supply, says £1.2m has been invested to create "one of the most futuristic assembly lines in Europe," using automated guided vehicles to assemble tractor transmissions.

He says it is only the first of a number of projects scheduled for completion this year to streamline manufacturing and reduce production costs. The new facilities were needed to provide flexible manufacturing able to cut costs, improve delivery and be more responsive to the market place.

Away from the important automotive industry, GEC has seven factories and nearly 10,000 workers in Coventry, involved mainly in the profitable telecommunications business. Investment has continued and the local authority is confident the company has a long term commitment to the city based on "its faith in the labour force."

The big names in Coventry's once-important machine tool industry might have been humbled in recent years, particularly with the protracted and sad decline of Alfred Herbert. But encouragement is taken from the re-emergence of Wickman and Webster and Bennett, two famous companies disposed of last year by the John Brown engineering group.

Ketton (UK), a Kent-based engineering company, acquired the businesses, now operating as Wickman Bennett. Mr Ben Simon, the chief executive, has already increased the labour force from 180 to 340 and argues the engineering expertise is available "to develop and prove a new generation of machine tools."

He says: "The response we have had from our employees is second to none, and together we are showing our UK and international customers that we are a British machine tool company that produces high-quality products, at competitive prices and on time."

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## COVENTRY 5

Venture could provide key test of profitability for the industry

## Pace rises for JR of local TV

### Cable TV

MR JOHN ROSS-BARNARD has been dubbed "Coventry's JR." by the local newspaper, not merely because of his initials but also because of his powerful position as head of the £40m operation that plans to bring cable television to the city.

Ironically, he once was something of a television personality as an announcer and presenter at the launch of BBC 2. "But you won't recognise the face. It was a voice-over piece."

He has remained mainly out of vision since, moving first into production and helping with the launch of Nationwide, before rising through the BBC management. He was recruited by the Coventry Cable consortium last May from BBC Enterprises, where he had spent five years "travelling the world developing the corporation's commercial arm."

The pace is beginning to quicken as the station, in a suburb just outside the city centre, heads for its September 12 launch. Coventry Cable, in an industry which has lost much of its sparkle since the Government awarded franchises in 1983 for 11 pilot projects, is regarded as a key test of profitability in the UK.

Mr Ross-Barnard is not coy about the advantages he feels he has in Coventry with its concentration of 119,000 homes, many in the working-class areas thought most likely to be receptive to multi-channel television.

"Coventry also has masses of houses with short front gardens and a super underground cable ducting system provided by British Telecom."

That is the bonus that Coventry enjoys over towns

where cable companies may have to incur the cost of digging up roads and front gardens to feed basic service into houses. British Telecom, following wartime bomb damage to Coventry, has installed underground ducting which can take television cable.

Some 80 per cent of houses are also equipped to receive overhead telephone services. The great economy for the television franchise is that the short front garden struts from the telegraph pole to the house merely has to be wired with a coaxial cable rather than the conventional telephone line.

Significantly, British Telecom has a 25 per cent stake in Coventry Cable. Thorn EMI, the electronics group with extensive interests in cable, has a controlling 51 per cent. Comvier Press, a Midlands-based newspaper operation, holds 15 per cent and Equity & Law Life Assurance, with one of its headquarters offices in Coventry, has just acquired 9 per cent.

Coventry Cable plans to offer its 14 channel television service to 16,000 homes in its pilot area by next March. The area has been selected because it presents a microcosm of the city, reflecting social classes and ethnic backgrounds.

### Register

"We might find that the response justifies us providing a special Indian language film channel," Mr Ross-Barnard says.

The franchise requires Coventry Cable to cover the whole city within four years. "Depending upon the response, we have the flexibility. It could happen much quicker than that."

Commercial success rests upon the mass market—those who are prepared to pay a monthly rent of £13.85 to receive all channels. The most popular are expected



Mr John Ross-Barnard: advantages of short gardens and underground cable ducting

to be non-stop films, pop music, sport and children's programmes, the sort of services that can be syndicated to Coventry Cable.

But Mr Ross-Barnard is anxious to ensure a local input, both to meet the requirements of business and to provide a channel for Coventry news, features and information. In association with the local Chamber of Commerce, employers and the city council, he intends to establish a register of manufacturing processes together with all the items that can be bought locally.

"Jobs have to be bought. They don't exist as of divine right. Customers have to be made aware that if they are buying from Botswana or Birmingham they are selling out jobs in Coventry," he says.

He draws a distinction with the old "Buy British" campaign. "We can offer the means, not merely the motivation."

It cites the case of the Jaguar components buyer who unsuccessfully combed the directories for a local supplier and bought from Sweden, only to learn that his requirement could have been met by a company yards down the road.

Mr Ross-Barnard attributes the error to the time lag caused by old-fashioned printing processes. "We can bring to Coventry a communications network that will enable all businesses to transfer data at a speed and capacity 10 times that of existing services."

The planned Coventry capacity register, "will enable the people with business and domestic purchasing power to buy back from abroad foreign jobs in which we as a nation have so readily invested."

The cable operation is seeking a contribution to its local news and features channel from the Coventry Community Media Circle—students at Coventry Polytechnic and Warwick University who have completed courses in communications.

"The difficulty for the national television stations is that they may receive about 2,000 applications a year for perhaps only 12 jobs. At least we can give well-qualified students some practical experience of broadcasting."

Mr Ross-Barnard says the philosophy is simple: "If we can look after Coventry it will look after us."

## Growth in store after long quest

### Shopping

COVENTRY, once a shopping showplace with its pioneering pedestrian precinct, has been given its biggest boost in more than 30 years with news of investment projects totalling £40m.

Debenhams has ended the city's long quest for a second department store by announcing it will commit £20m to a 125,000 sq ft complex. Work is also to start next year on an £8m project to provide two glass-covered malls of 33 shops linking the new cathedral to Broadgate with its famous Lady Godiva statue.

Tenders are also to be invited for a prime city centre site with planning consent for a 40,000 sq ft superstore.

Mr Harry Noble, city architect and planner is conscious of the criticism of the once-acclaimed but now positively dated pedestrian precinct. Coventry is literally out in the cold in an era when most towns have covered shopping centres.

Public opinion is being tested about whether parts of the precinct should be covered. The city council has already

committed increased resources to repair and maintenance to help improve the appearance of the central area. Research into public opinion suggests that about half the customers are generally critical of the shopping facilities, particularly car parking. Against that, an equal number were satisfied with the central area but these tended to be the older, less affluent group, whose numbers have increased during recession. They could be expected to spend less than the mobile car owners who could choose to shop regularly elsewhere.

Indeed, Coventry has lost out from changing shopping patterns, with customers tempted to what is perceived to be more up-market retailers at nearby centres such as Solihull and Leamington.

Estate agents report that from the late 1980s to the 1970s, Coventry was under-

shopped to the extent that it was very difficult to obtain units in the central area. They say the situation is now easier, partly because of recession and partly because of the squeeze on profits caused by rent reviews, particularly by the city council, which owns much of the freehold of the central area.

It is hoped the planned new

investment, particularly the vote of confidence given by Debenhams, will restore Coventry's attractions as a retail centre. Mr Charles Sebestyen, director of development and property services for Debenhams, describes the superstore project as "the most dramatic and spectacular of its kind."

The 125,000 sq ft of retail space will be on a three-level mall, featuring a restaurant and indoor garden. There will be parking for 800 cars. Debenhams will occupy about two-thirds of the space with other retailers being invited to take up small units in the mall.

The size of the development means the store is unlikely to open for about four years. Some 15 shops and a car park have to be demolished to clear the site, which is on a prime location in Smithford Way, next to Marks & Spencer.

The arrival of Debenhams is seen as an important way of complementing Owen Owen, the city's long-established department store. But equally significant is the £8m project being financed and undertaken by John Laing Developments on the long-neglected site linking Coventry's two major tourist attractions, the cathedral and the Lady Godiva statue.

Work on the 11 acre site is planned to start early next year with the 32 shops trading by September 1987. Cathedral Lane, as the project is called, will have two glass-covered malls and be geared towards smaller specialty traders, such as high-quality boutiques, bookshops, herbalists or delicatessens.

In character with the development, traders will be able to rent barrows in the malls on a weekly basis in a bid to encourage people to start new businesses.

Part of city council plans to inject more life and diversity into city-centre trading has been a craft antiques " flea market" opened in the old fire station. Coventry has long had a big covered market but the council has started discussions with the traders about providing an open market.

The pattern of city-centre shopping has been affected by the development of out-of-town foodstores. Tesco and Sainsbury both have big outlets at the successful Canley Centre, near the Warwick University campus. But the city council has now identified a new central site in Queen Victoria Road for a 30,000 sq ft food store. Traders are expected from the principal big food retailers.

## Improved image reaps benefits

### Tourism

TOURISM, for so long disparaged by the manufacturing city of Coventry has suddenly come into its own. The prejudice has been as fierce among Labour city councillors as in neighbouring Warwickshire where, cushioned by the natural attractions of Stratford and Warwick, the controlling Conservative group has traditionally taken the view: "Why should we subsidise people to sell ice-cream when we don't put money into developing industry's products?"

But Coventry council is now putting funds into promoting tourism and improving the image of the city. The benefits are already apparent, reports Mr Pat Griffin, manager of the 200-bed city-centre De Vere hotel, and chairman of the Coventry and District Conference Association.

Bookings for the summer season are running at record levels. "And don't forget that we are a labour intensive in-

dustry," he says. The employment and revenue potential offered by the tourist industry has been highlighted by two working parties, comprising Coventry businessmen and local authority officers. The strategy they recommended has been endorsed by the Confederation of British Industry.

The reports pointed out that tourism was growing at a pace in Britain sufficient to be the biggest business in the country by the end of the century. Trade was changing, with business no longer centred around coastal resorts but moving to locations such as York, Nottingham, Bristol and Hull.

While Coventry had a strong tourism base, it suffered from a bad image and a lack of investment in promotion. New jobs could be created at relatively low cost because tourism tended to be unskilled and labour intensive, the report said.

Attention was focused upon the comment by the English Tourist Board that Coventry has "the distinct advantages of a good accommodation base,

accessibility, location, proximity to Stratford, Warwick and Kenilworth and peripheral attractions."

But the studies stressed the urgency of the task: "The emphasis of this strategy is that through the promotion and development of tourism we can make the most of what we have in Coventry; capitalise quickly the rapid growth in the tourism market and make sure that a 'once and for all' opportunity is not lost."

Mr Griffin, on behalf of the local hoteliers, believes the opportunity has been seized. "Coventry has a changed image. I am not talking just about the bucket and spade business but the conference and convention trade."

Coventry, close to the National Exhibition Centre, has built up its strengths for handling the small and medium-sized rather than the big conferences. But new promotions have opened up further opportunities, Mr Griffin says.

"At the De Vere, we are a convention and conferences hotel with the bulk of our

business done in the winter months." But conferences are also moving into the summer and tourist business is picking up.

"I have 18,000 Americans staying here in the period from May to September—a record in our 12 years of operation."

Mr Griffin believes the changing image of Coventry is beginning to establish the city on the familiar Stratford-Warwick tourist route.

A further boost is expected from the decision to build two shopping malls linking the cathedral to the other major tourist attraction, the Lady Godiva statue, in Broadgate.

The key issue is how long it will take to persuade tour operators that Coventry is a good stop-over. Even the cathedral has difficulty persuading operators it is worth more than a 30-minute visit.

The city council must hope its backing for a seven-month campaign of events starting this month, to mark the centenary of the motor car will act as a catalyst.

Building upon its natural advantages of strategic location and highly skilled population, the city has developed a comprehensive strategy for new technology development.

The academic strengths of a first-rate University have been enhanced by the creation of the fastest growing UK Science Park. This has enabled the effective transfer of technology and industry not only uniting the city's business sector, but leading to a demand for a full range of high-quality business sites.

Coventry can offer a range of well located and attractive development sites to meet the requirements of today's industry. Whether it be the unique research and development facilities of the Science Park, the quality of environment for modern industry at the Whitley Business Park, or a major green-field industrial warehousing and commercial site literally at the M6/M69 junction, Coventry can meet these specific requirements and can match many others such as:

University of Warwick Science Park:

new technology research and development right next to the University campus on the southern edge of the city.

Whitley Business Park:

a 55-acre site with a high-quality setting, superb accessibility, positive management and letting policy, just ten minutes drive from the Science Park. There is also an opportunity for a major hotel development.

M6 Triangle:

an 80-acre high-quality green-field, fully-serviced site offering industrial, warehousing and distribution, with appropriate ancillary commercial facilities.

Seven Stars Industrial Park:

a 25-acre green-field serviced site offering industrial sites up to 5 acres, with excellent access. Development of two schemes is already under way.

All these sites are available on long leases and the City Council has a flexible approach to the methods of payment—to accommodate as far as possible the developer's means of funding. Business sites at Binley and Banner Lane also offer the opportunity for freehold development, if required.

For further details, please contact:  
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Tel: Coventry (0203) 25555, ext. 2073

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Successful  
Coventry



## TECHNOLOGY

EDITED BY ALAN CANE

## 1994: Robot space station for man

The U.S. is designing the world's most technically advanced manned space station for launch in 1994.

Peter Marsh, in the first of a two-part series, reports from the centre of operations in Houston.

THE PROJECT to develop a \$12bn international space station by the 1990s presents a bigger challenge than the effort two decades ago to put a man on the moon, according to engineers at the U.S. National Aeronautics and Space Administration.

Design work for the station, to provide accommodation for up to eight people in a base 350km above Earth, has started in four NASA centres in the U.S. The centres are working with eight teams of engineering contractors to produce the final blueprint for the station by next year.

After this, NASA plans to place further contracts with companies to build the components for the station by about 1994.

During the design phase, the NASA bases will each liaise with two groups of engineering teams on specific parts of the station. A new corps of NASA staff, based at the agency's Johnson Space Center in Houston, will select the final shape of the station from the ideas thrown up by all these groups.

The design has been fixed. NASA will itself be responsible for hiring contractors to do the development work and for fitting the components of the station together. In previous big U.S. space projects, such as the Apollo moon programme and the \$11bn space-shuttle development for instance, NASA paid a single contractor to do this job on its behalf.

The management challenge will be enormous, said Mr Sam Nassif, international projects manager at the Johnson Space Center. Mr Nassif is part of a team of several hundred people at the Johnson centre overseeing the space-station work. The

NASA has chosen the following international teams to work on the 21-month design phase of the station:

● The agency's Marshall Space Flight Center is liaising with consortia led by Boeing and Martin Marietta on the design of accommodation modules, environmental control, propulsion systems and robot tugs for docking with satellites.

● McDonnell Douglas and Rockwell are working with the Johnson Space Center in Houston on the overall architecture for the station, docking units for shuttles, communications and data management, attitude and thermal control and plans for sleeping quarters and a kitchen.

● NASA's Goddard Space Flight Center near Washington is to team with General

Electric and RCA to design automated free-flying spacecraft that will periodically dock with the station and carry scientific experiments. These organisations are also devising a plan for maintaining the station using robot systems.

● The Lewis Research Center in Ohio is working on electrical power generation and storage systems. Rockwell and TRW are helping in this project.

● A further NASA group at Johnson Space Center will liaise with the four teams involved in the different work packages. Next year, this group will take the best ideas from all the teams and freeze the design for the station. After this, work on building the base will start in collaboration with international partners.

staff will probably build up to several thousand by the time the station is launched in the late 1980s.

President Ronald Reagan outlined plans for the station, to be used for scientific experiments and studies in areas such as low-gravity materials processing, in January last year. Since then, Japan, Canada and 11 Western European countries (under the auspices of the European Space Agency) have agreed to help in the design phase, although they have stopped short of a commitment to building the base.

Assuming all countries agree to go ahead after the design effort ends, the U.S. is likely to put up \$50n toward the cost of the station. Western Europe and Japan may each contribute between \$1.5bn and \$2bn, while Canada's share is likely to be about \$400m.

Western Europe and Japan both plan to build a scientific

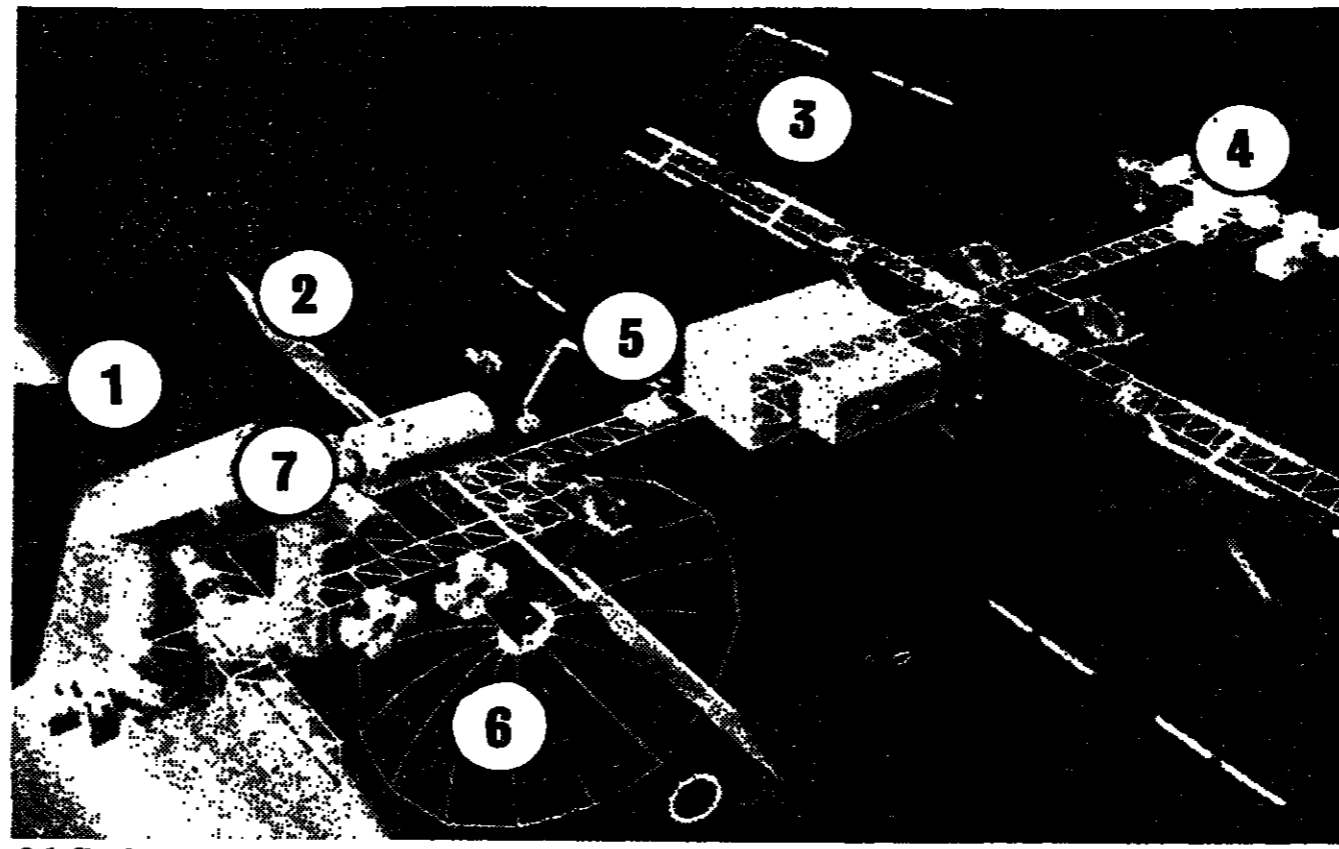
laboratory that would plug into the central U.S. core of the orbiting structure.

Canada, meanwhile, would provide servicing elements that would be scattered throughout the base, for example automated systems to repair faults or to dock with unmanned satellites.

The design work of these countries is being co-ordinated with NASA's efforts through a series of committees set up by the Johnson Space Center.

NASA has provided a reference design for the station, which will act as the basis for the work now in progress. The reference, produced by 200 NASA engineers in four months last year, calls for a total of five accommodation modules to be strung out along a tower about 100 metres long.

Two modules would be for experiments, two would provide sleeping quarters, a kitchen and leisure space while the final unit would act as a ware-



1. Shuttle 2. Radiator 3. Solar panels 4. Scientific instruments 5. Robot 6. Communications 7. Living units

house for food and scientific apparatus supplied from Earth.

There would also be a docking base for connections with space shuttles, which would arrive at the station every three months, to replenish supplies and exchange crews.

A total of seven shuttles, according to the schedule, would be required to lift components of the space station into orbit in the early 1980s. Gangs of space construction workers would then be required to bolt or weld the sections together.

One of the most important technical tasks in the development phase is to give to robots and other automated systems as many as possible of the house-keeping jobs aboard the station.

"We are going to build a bridge as in a boat where the captain sits at the bow and flies the ship. The station will basically fly itself," said Mr Cecil Grigg, deputy manager of space

station projects at NASA's Marshall Space Flight Center in Huntsville, Alabama.

As a result of this strategy, computers will oversee such things as electricity generation and control of the air supply in the station's living quarters.

NASA planners also intend to delegate to machines the job of tracking hazardous space bodies such as meteors, so that small rocket thrusters on the station can be fired in time to move it out of harm's way.

Unmanned tugs called orbital manoeuvring vehicles, will glide out from ports on the station to rendezvous with satellites or platforms laden with scientific instruments that may have to be brought to the space station for repair.

NASA engineers envisage that the crew will only occasionally have to do space suits to inspect or repair parts of the station away from the living quarters and modules. These

outer elements, which will mainly act as repositories for scientific packages such as cameras to observe the state of the Earth's surface, will be tended mainly by robot repair units.

The station will be called upon to provide up to 75 kW of electrical power, mostly supplied by solar panels stretching out from either side of the central tower. In contrast, each vehicle in the current shuttle flight has available only about 10 kW (provided by fuel cells).

While ordinary satellites normally manage with no more than a kilowatt, America's space engineers will need to devise ways to channel into the cosmos the large amount of waste heat generated by activities on the station, from furnaces for growing crystals for instance. The reference design calls for two large radiators to stick out from either side of the tower,

to conduct away heat with a fluid.

Safety is an important issue. The crew on the station will be continually subjected to radiation emitted naturally from cosmic bodies. They will be continually checked to ensure the radiation dose is within safe limits.

NASA may also have to find new rocket fuels for the station's propulsion system — which is required for minor shifts in orbit. Hydrazine, the most common fuel for this job, is highly corrosive and would present health problems if it leaked from storage tanks.

"The problems are not insurmountable," said Mr Nassif. "All it takes will be money and time."

Who will use the station? NASA intends that government scientists from the participating countries will form the bulk of the crews. But they may be supplemented by people sponsored

sored by companies which wish to do research in space.

Nasa has signed several agreements with companies that are doing experiments on the space shuttle flights. By the 1990s such enterprises may be sufficiently keen on space-based research to pay for their scientists to work for long spells on the permanent base.

For instance, McDonnell Douglas is testing equipment on the space shuttles to separate hormones in low gravity. 3M is interested in the new materials that may become possible when forces due to gravity such as thermal convection are removed.

John Deere, the agricultural machinery company, is to investigate the formation of iron alloys in space, on the basis that knowledge from the exercise may help the development of new processes on Earth.

Other benefits from work in space may be defects in semiconductors, crystals and new forms of pharmaceuticals.

Among the most enthusiastic proponents of space industrialisation is Dr Max Faget, an ex-NASA engineer who has formed Space Industries, based in Houston, to build a manufacturing unit for work beyond the atmosphere.

Space Industries, whose backers include Brown and Root, the construction company, plans to place in orbit in 1989 a large canister about 10 metres long with room for several people. The canister, called the industrial space facility, would be hired out to companies interested in low-gravity processing.

The facility would be launched on a shuttle flight and left in orbit for several months for unmanned operation. Once the space station is built, the module could be serviced by remote-controlled tugs from the orbiting base.

It has not proved easy, however, for NASA to interest companies in space processing. Mr Isaac Gilliam, the agency's assistant administrator for commercialisation, admits that much of the basic research in such work has still to be done.

## THE ARTS

## Arts Week

## Opera and Ballet

## PARIS

Alceste — alternates with *Soiree de Ballets* to music by Berlioz and Lully in Rudin van Dantzig's and Francine Lancelotti's choreography at the Paris Opera (742576).

The very modern G.R.C.O.P. alternates with the Ballet School Spectacle Opera Comique (296061).

Hamburg Opera Ballet, choreography by John Neumeier, presents the 6th symphony in its first programme, Bach's Saint-Matthew Passion, and in the second and Mozart, Hense and Schumann in the third programme. Theatre de la Ville (274227).

## LONDON

Royal Opera, Covent Garden: Andrea Chenier, a second-rank work of Italian verismo, returns to the house with a cast that promises to make it seem better. Placido Domingo in the title role, Anna Tomovic-Sinor, Giorgio Zancanaro, Jules Rudei conducts. Further performances of the King Priam revival in honour of Tippett's 80th birthday, last of the Lucia series, with Joan Sutherland and Carlo Bergonzi in wonderful, indeed extraordinary form (240066).

Royal Opera House, Covent Garden: Saverio Merello Royal Ballet season begins with a gala on Tuesday.

## WEST GERMANY

Berlin, Deutsche Oper: Fidelio, a Jean-Pierre Ponnelle production, with Gundula Janowitz and Siegfried Jerusalem. Puccini's La Fanciulla del West has Gollina Savova in the title role (34361).

Frankfurt, Oper: Die Zauberflöte has Elite Hobart as Queen of the Night. Falstaff, produced by Christof Neid, returns. Louis Baillet is repeating his much praised performance in the title role. Der Zigeunerbarren rounds off the week (25821).

## ITALY

Florence: Teatro Comunale: The Maglo Fiorentino opens with Verdi's Don Carlo, directed and with scenery and costumes by Pier Luigi Pizzi and conducted by James Conlon. The opera is given in its "official" version — divided into four acts (but with one interval, so as to last four

instead of 5½ hours). (Tue and Thur), (216333).

Parma: Teatro Regio: Romeo and Juliet by Charles Corbo, directed by Alain Guignol and directed by Beppe de Tomasi (Tue), (22003).

## NETHERLANDS

Balanchine programme from the National Ballet Apollon Musagettes (Stravinsky), Tombeau de Couperin (Ravel), and Theme and variations (Tchaikovsky). West in Tilburg, Stadsschouwburg (432239). Thur in Utrecht, Stadsschouwburg (310241).

## BRUSSELS

Theatre Royale de la Monnaie: Tristan and Isolde, conducted by Sylvain Cambiagling with Spas Wenkoff or James McCray as Tristan and Gwyneth Jones as Isolde. (218121).

## VIENNA

Staspooper: Don Quixote by Miklos Nureyev conducted by Richter with Sviyod and Lormeau; Wagner's Master Singer from Nureyev conducted by Schneider with Popp, John, Wold, Moll, Macbeth conducted by Sinopoli with Zampieri, Vance, Bruzon, Ghiaurov, Cerba's Basil conducted by Cerba with programme, Theatre de la Ville (33742655).

## NEW YORK

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryshnikov and company, including Natalia Makarova, Cynthia Gregory, Patrick Bissell and Clark Tippet, dance a mixed programme from their eight-week repertoire. Ends June 15. Lincoln Center (382000).

New York City Ballet (New York State Theatre): A new ballet by Jerome Robbins joins Balanchine and Robbins favourites, including A Midsummer Night's Dream, Firebird, La Valse and Apollo, in the company's two-month season. Ends June 23. Lincoln Center (8705570).

## TOKYO

Sankaijuku Buto (Japan's surreal avant-garde dance). Now based in Paris and the best-known group internationally, Sankaijuku have their homecoming in a month of performances throughout Japan — ironically where Buto is least known despite its Japanese origins.

Both the dance form and the Japanese attitude towards it (initial disapproval, now officially-led efforts towards acceptance), provide interesting insights into Japanese psychology. A beautiful and poetic performance full of memorable images — and not at all grotesque. Kani Hoken Hall, Gotanda. (Mon 2pm), (4990374).

## WASHINGTON

Ballet West (Opera House): Local premiere of Lark Ascending is part of the mixed programme, alternating with Abolition during the company's visit. Ends May 5. (2543770).

## Music

## PARIS

Ensemble Orchestral de Paris with Yehudi Menuhin as conductor and soloist: Beethoven, Bartok (Mon), Salle Pleyel (5610630).

Maria Tzipi, pianist; J.S. Bach, Goldberg Variations (Mon), Theatre des Champs Elysees (723477).

Gabriel Bacquier, baritone; Raphaelle Ivery, mezzo-soprano; Mozart, Rossini, Thomas, Massenet (8.30pm); Joe Van Dam, bass, Lausanne Chamber Orchestra, Armin Jordan: Mozart (8.30pm). Both concerts Monday, TNP-Chatelet (234444).

Novel Orchestra: Philharmonique conducted by Friedemann Layer, Jeremy Menuhin, piano: Mozart, Schubert (Mon), Radio France, Grand Auditorium (2181518).

Berlin Philharmonique Orchestra conducted by Herbert von Karajan: Brahms (Tue), Salle Pleyel (5610630).

Ensemble Intercontemporain's chamber music eclecticism: Janacek, Leroux, Ligeti (Thur, 8.30pm). Centre Georges Pompidou, Grande Salle (2809427).

## LONDON

Halle Orchestra conducted by Stanislaw Skrowaczewski with Emanuel Ax, piano, Rossini, Chopin and Shostakovich. Royal Festival Hall (Mon), (9283181).

## ITALY

Milan: Teatro alla Scala: Claudio Abbado conducting the violinist Salvatore Accardo and the pianist Maurizio Pollini, with the Scala Philharmonic Orchestra. Bach (Mon) (89128).

Rome: Auditorium di Via della Condottazione: Yuri Temirkanov conducting Prokofiev and Shostakovich. (Sun, Mon and Tue), (8541044).

Rome: Oratorio del Gonfalone (Vicolo della Schiavina 1/B - Via Giulia): Luciano Scialoja. Korb. (955932).

## NETHERLANDS

Rotterdam, De Doelen: The Rotterdam Opera Choir conducted by Piet Strijk, with Henk Krukowski, tenor (Mon, Tue); Arto Kluis, organ, and Raymond Delnoy, flute. Programme includes premiere of Krukowski's new work for organ and wind ensemble (Mon, Tuesday concert by Martin Bon, Marc Bon, Gerrit Hommerson and Ronald Bruntjens, pianos. Stravinsky's Sacre du Printemps arranged for four voices (Wed), (142011).

Utrecht, Muziekcentrum Vredenburg: The Utrecht Symphony Orchestra under Hubert Soudant, with Ronald Bruntjens, piano, and Keesje Kalk, soprano. Bartok's Concerto for Orchestra, Sousa (Wed); Vera Beths, violin, and Reinbert de Leeuw, piano. Shostakovich, Ives, Antheil (Thur); Ravel's La Valse, The Old, violin, and Daniel Weyenberg, piano. Mozart, Franck, Debussy, Weyenberg, Ravel (Wed), (314544).

## BRUSSELS

Palais des Beaux Arts: Stuttgart Chamber Orchestra conducted by Karl Münchinger. Bach (Mon); Belgian National Orchestra conducted by Mendel Rodan with Eugene Istomin, piano. Beethoven, Berlioz (Tue), (5123045).

## MILAN

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## MILAN

Teatro alla Scala: Claudio Abbado conducting the violinist Salvatore

## VIENNA

Vienna Hofburg Orchestra conducted by Gert Hofbauer. Wagner and light opera. Konzerthaus, (Tue).

Piano evening with Oleg Maisenberg, Mozart, Schubert, Chopin, Debussy and Messiaen. Konzerthaus Mozart Saal, (Mon).

## NEW YORK

New York Philharmonic (Avery Fisher): conductor, Zubin Mehta; violinist, Ida Haendel; Karol Hasek Concerto for Orchestra (world premiere). Dvorak, Sibelius (Tue); conductor, Zubin Mehta; cellist, Leonard Rose; Jacob Druckman, Haydn, Dvorak (Thur). Lincoln Center (8742424).

## WASHINGTON

National Symphony (Concert Hall): conductor, Hugh Wolff; violinist, Pinchas Zukerman; Brahms, Bruch, Bartok (Tue); conductor, Esfira Shtern; Berio, Webern, Sibelius, Nielsen (Thur). Kennedy Center (2543770).

## TOKYO

Aaron Rosen (Violin): Handel, Beethoven, Ysaye, Mendelssohn, Prokofiev, Brahms. Nishida Bunka Centre (large hall), (Thur), (3314461).

## VIENNA

Vienna 1870-1930: Dream and Reality. The greatest names of the Viennese fin-de-siecle — Klimt, Oskar Kokoschka, Egon Schiele, Josef Hoffmann — in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and democratic reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffmann's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunsthistorisches. Ends October 6.

## ITALY

Turin: Palazzo Reale: Indian miniatures from the 17th to the 19th century entitled Life At The Court of Rajasthan. The paintings come mainly from the Victoria and Albert Museum and the Museo Rietberg in Zurich. Ends May 22.

## BRUSSELS

Pourquoi Pas? 75 years of illustrations, cartoons and cover. Founded in 1910 (but closed during the two Occupations) this Belgian weekly could be described as an improbable cross between the Economist and the Spectator. Palais des Beaux Arts. Ends April 28.

## TOKYO

Baroque in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theatre, Shinjuku-ku. (414001).

Cocotte Marzla, a one-man show on the life of Jean Cocteau by Jean Marais (in French) Sogeton Hall, one of Tokyo's most beautiful buildings, a flower-arranging school designed by architect Tange. (Mon, national holiday, 2pm), (4078238).

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## Exhibitions

## LONDON

The Saatchi Collection: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery established to make it available to a wider public. The gallery is an astonishingly converted paint warehouse at 96a Boundary Road, NW8, that offers more exhibition space for temporary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (8248289).

## PARIS

Shogun, weapons, armour, clothes, beautiful objects from Japan's golden age from the 12th to the 19th century testifying to the art of living of the tokugawa. Espace Cardin, 1, Ave Gabriel (2051730-2051731). Ends May 14.

## VIENNA

Vienna 1870-1930: Dream and Reality. The greatest names of the Viennese fin-de-siecle — Klimt, Oskar Kokoschka, Egon Schiele, Josef Hoffmann — in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and democratic reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffmann's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunsthistorisches. Ends October 6.

## ITALY

Turin: Palazzo Reale: Indian miniatures from the 17th to the 19th century entitled Life At The Court of Rajasthan. The paintings come mainly from the Victoria and Albert Museum and the Museo Rietberg in Zurich. Ends May 22.

## BRUSSELS

Pourquoi Pas? 75 years of illustrations, cartoons and cover. Founded in 1910 (

## THE ARTS

Cinema/Nigel Andrews

## Farce and horror Down Under

Uta directed by Geoff Murphy

The Future of Emily directed by Helena Sanders Brahm

The Times of Harvey Milk directed by Robert Epstein

Eddie and the Cruisers directed by Martin Davidson

The follies of British colonialism have had such a beating from recent British films—from *Gandhi* to *A Passage to India*—that it's a relief when another film industry takes over the task. There is no sun-drenched Eastern pageantry in Geoff Murphy's *Uta* from New Zealand, a last-century tale of the Brits versus the Maoris. No grand old British thespians are wheeled on like an imperial coconut shy. And the primal, unadorned mixture of comedy and horror that are inseparable components of a colonial culture clash are captured here as if by a master hunter.

Murphy stalks the true-life tale of the Maori rebel leader Te Wheke (Anzac Wallace) who in 1890s NZ rose up with a private army to wallow the rampaging Poms. Te Wheke (pronounced Te Fekky) was possessed by the spirit of *Uta*, a mythical creature with a pumpkin face and flared nostrils (which breathe bull-like clouds of condensation in the misty North Island climate); and part British with his cat's whiskers, military moustache and the absurd, perched, raven-man-like cap he wears early on as a scout for Queen Victoria's Antipodean task-force.

It's amid the smoking ruins of his family's village that he decides on rebellion. And it's the ensuing campaign we follow, with Te Wheke's little army alternately chasing and being chased by the outraged Britishers (was ever a colonial power so self-righteous in its territorial greed?). And with the ensuing, mist-shrouded, and valleys of New Zealand hosting ambushes, shoot-outs and mini-massacres.

The wonder of the movie is that it's played as if Murphy's only previous film, the chase comedy *Goodbye Pork Pie*, had given birth to a mad, confused sequel. It is never ponderous, but never merely lightweight, either. The sacking of a white couple's homestead is staged like a horrific farce: a hide-and-seek game up and down stairs; a grand piano poured over a balcony and crashing to earth with a cosmic discord; Te Wheke putting up his feet for a moment with Shakespeare's



Emily (Hona Rodgers) defends herself against the Maori (Anzac Wallace) in *Uta*.

*Macbeth* picked off the book's shelf; and our own stomach-quaking uncertainty over whether the white couple will live or die.

The film has the courage not even openly to take sides. The white characters are allowed a ration of dignity and so are the Maoris. The British commander may be a cardboard dunder out of Giltroy, but his young military tactician (Kelly Johnson) is a capering innocent with sudden gleams of ingenuity. And that balding Kiwi actor with the burning eyes, Bruno Lawrence (of *Swamp Palace*), vastly dominates the film's sub-plot as a farmer widowed by Te Wheke who goes on his own crazed quest against the Maoris. He takes with him a four-barrel shotgun, a homemade bullet-loader (like a bus conductor's change machine) and a tendency to pop up out of nowhere (a bear barrel, a basement) when you least expect it.

This near-panoramic approach to colonial conflict turns out to yield more wit, more slapstick horror and more fresh insight than any amount of epic unfolding in the British block-buster style. In so many historical films, our hindsight knowledge of the outcome allows us to lead events a rhetorical, distanced grandeur. In *Uta*, the sudden ambushes, the slapstick errors, the bursts of violence are happening as if now. There is no refuge in hindsight, no escape from war's immediacy and its

of family life, or that we wouldn't rather see dramatised by Strindberg or O'Neill or even the writers of *Dynasty*.

Robert Epstein's feature-length documentary, *The Times of Harvey Milk*, is a different kettle of locusts. This is the amazing tale of the San Francisco gay rights leader and city supervisor who was shot dead in 1978, along with the mayor, by a far-right fanatic. The film has been hopping happily from film festival fringe to fringe, winning the kind of incontinent rapture usually reserved for the glittering end of the competition movies.

The portrait of Milk is built up so sympathetically, from film fragments and the reminiscences of friends (and even converted enemy) that the movie's end there's hardly a dry Kleenex in the house. We reconstruct Milk's brief heyday as a champion of minorities, not only homosexuals but the black, the poor, the old — and the instigating feud between him and fellow supervisor Dan White, the man who finally shot him.

The story is one you wouldn't believe if you saw it dramatised as a TV soap opera. The fiery, smiling, jolly Jewish Galahad (Milk), the handsome, all-winning young man who upholds "traditional values" and turns out to be a psychotic (White), the kindly, good-looking, libertarian mayor, and the tough, stately girl, Milk's friend, who recalls campaigning for him and whose tough, stately exterior ends by melting into tears. There hasn't been a film so lachrymogenic since *Love Story*. But it's also a brilliantly edited piece of investigative reporting, and a whole-hearted hallelujah call for reason, compassion and tolerance.

*Eddie and the Cruisers* is also an investigation into a dead celebrity: this time fictional.

"Dyer ever hear of a poet called Arthur Rimbaud?" queries the girl journalist (Ellen Barkin) of her friends. They profess ignorance of the French versifier. But Barkin, unfazed, is convinced that "dead" rock star Eddie — whose body mysteriously disappeared after a plunge from a bridge — was he? Is he? Will he vanish for years, only to turn up in a Marseille hospital (or its U.S. equivalent)? Let's not forget, after all, that Eddie's last album was called *"A Season in Hell"*. (Familiar, Rimbaud fans.)

And so — punctuated with flash-back scenes — and songs featuring Eddie himself (Michael Pare) — this endearing and semi-certifiable nonsense rattle on, a sort of dissonant *Citizen Kane*. The music is deafening, the dialogue is dippy, the visuals are Day-Glo. In short, if you collect Hollywood curios, this may be your film of the week.

## Enrique Perez de Guzman/Wigmore Hall

Max Loppert

With each new London recital Mr Perez de Guzman asserts ever more authoritatively his right to be considered the leading young Spanish pianist of the day. The latest was Wednesday's, at the Wigmore Hall, an occasion for displaying his special gifts in a shining light. The programme was as enjoyable as it was unhackneyed in composition, and to all of it Mr Perez de Guzman brought the cultivated beauty of touch, the eloquently unforced musicianship, and the quiet confidence of manner that separate him so sharply from the great mass of today's young career-pianists.

One had not thought of him as a Brahms pianist; and, in

truth, the performance of the F minor Sonata, Op. 5, that occupied the first half was not of traditional Brahmsian stamp. It was unfailingly beautiful (apart from a few forgivable splashes earlier on); but it was a kind of beauty — achieved by coolly poised chording; an impeccable balance of parts and weights between the hands; and a gently sophisticated shaping of melodies — that suggested emotional reserve in Mr Perez de Guzman's approach to the music. There were no haunted inner voices in the middle movements, no powerful romantic outbursts at the close. Everything was kept under control — and if a degree of criticism attaches to that state-

ment, so must praise. In the second half, the pianist moved with easy certainty onto native ground — that territory of Spanish minor masters in whose delights pianists like Alicia de Larrocha and himself can instruct even the most intransigently puritan ear. A large group devoted to the senior Spanish composer, Xavier Montsalvage included a new work, marvelously slight and economical of mood, for the left hand, written as a tribute to that even more senior Iberian, Mompou. Montsalvage's *Three Diversissements* and his *Sonatina pour Yvettis* exercised an attractively personal, bilingual language with wit, flair, and

sudden displays of showmanship — and in all those arts Mr Perez de Guzman showed himself peerless. The Falla group with which he closed had as its rarity the early (1903) *Allegro de concierto*, a thoroughly characteristic piece of bravura virtuosity, with such urbane flash and flourish. From the not-quite-full hall it also seems that this pianist's period of greatest celebrity is still to come. That it will come, there can be no room for doubt.

## Old Times/Haymarket

B. A. Young

"No, no, they can't take that away from me," Deeley sings with Anna, as they recall the days 20 years since when they met in pubs, explored the fringes of sexual encounter at parties. What they can do is change its shape. Anna shared a room with Kate, Deeley's wife, in those days, and her memories and Kate's and Deeley's don't always mesh.

Anna (Liv Ullmann, with a slight Scandinavian accent like Garbo's) is standing up stage with her back to the house when we begin. She wears a black dress. She might as well be dead. Kate tells later of having seen her dead on her bed; but there is also talk of her life in Sicily with her well-connected husband. On the other hand, such things might be recollections, like Anna's and Kate's, are not always strictly rooted in truth. When the play

ends, he is in tears, and the last subject of conversation had been Kate's recollection of her death.

Earlier in the evening, however, Kate, tired of listening to Anna and her husband discussing her activities of two decades ago, breaks out: "You talk of me as if I were dead," and indeed they do. It is not possible that Harold Pinter, in this one of his more inpenetrable exercises, would have us believe that Kate and Anna both are dead, and that Deeley has summoned them up from his recollection of old times. There was that time when he picked up Kate after seeing *Odd Man Out*. There was the evening he spent looking up Anna's skirt, when she was wearing Kate's underclothes. Was there any thing else as positive as that?

The players do not give us any help in the matter, nor do I suppose they're meant to.

Pinter's lines look, on paper, like conversation, but they are spoken, both by Miss Ullmann and by Nicola Pagett, who plays Kate with a flat display of indifference as if they contained a little more than they seem to, and perhaps they do. Deeley is certainly alive, even if his memory is dubious, and Michael Gambon gives him the full emotional scale, anger, lochery (in a curiously interposed passage about drying after a bath) and, at the end, distress. Inability to solve Pinter's problems do not detract from the play's interest. Every line must be weighed in the balance and judged for truth, untruth or imagination. David Jones, the director, never points us in any direction; we must make up our own minds, and a fascinating game it is, though it is clearly a devil of a job for the players.

## Grind/Mark Hellinger, New York

Frank Lipsius

The awarding of the Pulitzer Prize for drama to last season's *Sunday in the Park with George* only emphasises the dearth of musicals in the latest Broadway season, which is sexed up with the threat of the Tony committee cancelling the award for the best musical altogether for this year.

The opening of Hal Prince's latest production, *Grind*, at the Mark Hellinger does nothing to dispel the gloom about the season's musicals. The story of a love triangle backstage at a Chicago burlesque house in 1933, the book substitutes issues for personality. The love triangle pays more attention to the fact that the interloper, a white Irishman, is taking a black woman away from a black man than the expression of feelings, the attractiveness of the three characters, or even simple contact between them.

Directed by Ben Vereen and Leiland Jones, the original lovers have a magnetism that they are capable of expressing with

their voices, their feet and their smiles. They are given some lusty numbers in Larry Grossman's music and Lester Wilson's choreography and they make the most of it. Showing in the soft shoe routine *Why, Mama, Why* the reason they seem so well suited to each other.

Timothy Nolan plays the Irishman with a resonant tenor and passable brogue, but, having started as a drunk disbeliever in the appeal of the original pair, he never emerges from his confused story of losing a wife and child in some horrid accident, he never dances, rarely sings and barely emerges from morose inertia.

Fay Kanin's book suffers throughout from an assumption that already substituted for personality. Most of the characters have a wrenching past or future meant to bring them sympathy. What sympathy they get comes from an audience

rooting for good acting, dancing and singing, despite the lack of convincing characters they are forced to portray.

Stubby Kaye brings back the vaudeville era as a comedian constantly losing his straight man because he is losing his sight, jabbing the other character too hard in a funny routine about a doctor and a cadaver. As with the Irishman's drunkenness and the racial thrust of the plot, the blindness explains rather than expresses the character's weakness.

Manfully fighting against an inadequate book full of unbelievable characters with arbitrary traits, Prince directs an excellent cast to bring burlesque alive even if it has to be without the personalities. Clarke Dunham's inspired three-tiered set for the backstage at the burlesque house promotes the high energy of a production that succeeds in the songs and dances but fails in the story behind the glitz.

## B Minor Mass/Barbican

Paul Driver

The Barbican's "Mennuhin Bach" series of five concerts ended on Wednesday night with a performance of Bach's B minor Mass in which the English Chamber Orchestra, the Tallis Chamber Choir and soloists Alison Hargan, Mira Zakai, Martyn Hill and John Shirley-Quirk were directed by Yehudi Menuhin.

Unlike many of the current Bach-Handel birthday celebrations, this one was not an occasion consecrated to "authenticity": no period instruments; a rich orchestral palette; a medium-sized chorus with a sturdy English sound. Not only lacking the trappings of authenticity, and already doomed to seem old-fashioned, the performance lacked any evidence of a period approach to matters of tempo control, rhythmic articulation and expressive flow.

Even lacking this it might still have commanded attention if Menuhin's tempi had not been so prevalently pleading, or otherwise so prone to sudden alteration. A long *ritardando* in the Gloria from "Domine Deus" into "Qui Tollis" sounded strangely arbitrary and was ineffective, while numerous "expressive" pauses and lengthenings of the beat did not really add up to a very interesting imposition of rubato.

The opening Kyrie was a dull plot, and the climactic Sanctus was by no means as explosive or luminous as it deserves to be; the last chorus of the Gloria was, however, a good strong piece of making, and the "Et resurrexit" of the Credo

was brave. The Tallis Choir always had a sensitive and clear essential sound to put at Menuhin's disposal, just as the orchestra offered him vivid quantities of tone (notable were the high trumpets) and accomplished obbligati (Neil Black's oboe d'amore solo was beautifully breathed, Anthony Halstead's horn solo had a marvelous outdoor crispness, Jose-Luis Garcia's violin solo was agile if unflinchingly contrabrio).

The solo singers generally did not sound inspired by the occasion. There were passingly good things from Alison Hargan, but Martyn Hill sang as though constrained to; while contralto Mira Zakai, in the Agnus Dei aria had a lugubrious and flatly Eleanorian vocal presence, as well as serious problems of intonation. Even the sterling Shirley-Quirk gave a merely routine account of himself.

## Glyndebourne gala to aid surgeons

On Friday August 16, Glyndebourne Festival Opera will give a gala charity performance at the Barbican Hall in aid of the research funds of the Royal College of Surgeons of England.

It will be performing Mozart's opera *Idomeneo*, with the London Philharmonic Orchestra, conducted by Simon Rattle, and with the Glyndebourne Chorus. The cast will be the same as that performing the opera this year at Glyndebourne.

## Masterpiece stays in UK

The British Museum yesterday bought a "crucial" watercolour drawing for £200,000 after its first public appeal for more than 50 years.

Samuel Palmer's "A Cornfield by Moonlight with Evening Star" was a watercolour in February but was refused an export licence.

The museum stepped in and bought the 19th century work with the help of £15,000 in donations from the public.

## Saleroom

## Record for Van Gogh

BY ANTHONY THORNCROFT IN NEW YORK

On Wednesday night in New York, Sotheby's sold the Impressionist pictures collected by the late Florence J. Gould, daughter of the late J.P. Morgan, the American railway king, for \$32,617,750 (just over £26m). It was a record total for a single-owner collection sold at one auction.

Sotheby's spent £1m promoting the sale and made contact with more than 200 potential buyers of Impressionist pictures. The need to widen the market was forced on the auction house because the Gould paintings, although decorative, contained few masterpieces, and museums and some dealers would be unlikely to bid for them.

In the event, the auction did well — but not exceptionally well — and a dozen paintings were bought by faces new to the saleroom.

The top price was \$9.9m paid for "Paysage au Soleil Levant," by Van Gogh. It is a view of a wheat field seen from his room in the asylum at St Remy and the price is both a record for Van Gogh and for an Impressionist picture: it is exceeded only by the \$13.1m paid at Christie's last week for a painting by Matisse.

Van Gogh was in line with a hopeful pre-sale estimate but "La Clousure Cha-U-Kao" by Toulouse-Lautrec exceeded estimate, selling to an American private buyer for \$5,280,000, a record for the artist.

Other artists to establish new auction high prices for their work were Courbet, with a snow scene selling for \$935,000; Fantin-Latour, Morisot and Gustav Moreau.

Despite all the publicity and the interest, 23 of the 56 lots sold for under their pre-sale low estimate, and three pictures, including a Manet, failed to find a buyer. In the event, Sotheby's can feel satisfied that the auction went off without a mishap and that its marketing effort had succeeded.

The good pictures did well, the medium qualities did badly, and the cheap found keen demand from collectors wanting a painting owned by Mrs Gould who, for many years, "ruled" the French Riviera.

The money raised from the sale will go towards improving relations between France and the U.S.

A copy of Shakespeare's First

## ENO plans a world premiere

BY GAY FIRTH

Eight new productions, including the world premiere of Harrison Birtwistle's *The Mask of Orpheus* in May next year, are among 21 productions planned for the English National Opera's 1985-86 season at the London Coliseum.

Between August 24 1985 and June 28 1986, the company will give 204 performances. Jonathan Miller, described by Lord Harewood, the ENO's retiring managing director, as a man "who doesn't feel unable to change his mind" about returning to direct opera for the company, opens his new production of Don Giovanni on December 4, with William Shimell as the Don, Richard van Allen as Leporello, and Josephine Barrow as Donna Anna. Sponsored by British (Olivetti) Ltd and designed by Philip Prowse (making his Coliseum debut from the Glasgow Citizens Theatre), Mozart's darker masterpiece will be conducted by Mark Gold, who will also conduct the British stage premiere of Busoni's *Doctor Faustus* in an ENO co-production with Deutsche Opera of Berlin.

In March 1986, Reginald Goodall will conduct the opening performance of Wagner's *Parsifal* in a new, specially-commissioned translation by Andrew Porter, produced by Joachim Herz.

Eleven revivals include further performances of Jonathan Miller's spectacularly successful production of Verdi's *Rigoletto*; Wagner's *The Mastersingers of Nuremberg*, with Gwynne Howell again singing Hans Sachs; and Handel's *Julius Caesar*, conducted by Charles Mackerras, with Carolyn Watkinson making her ENO debut in the title role. James Cairns will sing Rosalinda in the revival of *Die Fledermaus*.

*Così fan Tutti*, *Madam Butterfly*, *The Bartered Bride*, and *La Bohème*, in the ENO production, sponsored by Esso (UK), return to the repertoire next season.

The Arts Council grant to the ENO for 1985-86 is £10,044,500. This is £1m less than was asked for — on a basis of need rather than hope — in a budget submission which this year sought to provide a company pension scheme for all, not just a few, employees, and in Lord Harewood's words, to pay "reasonable, rather than 'reasonable-minus', salaries to people who work for us."

The GLC grant for the same period, although promised, will not be confirmed finally until May 8. Last year's allocation of £1,020,000 is expected to be increased in line with inflation.

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## FINANCIAL TIMES

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Friday April 26 1985

## Time to free textiles

HOW LONG is a "breathing space" and how special are the textile and clothing industries? These are the questions the British Government must ponder over the next few weeks as it reviews its attitude to the Multi-Fibre Arrangement (MFA).

Although the first MFA was introduced only in 1974, the British textile industry has enjoyed a degree of special protection against low-cost imports from developing countries for 23 years. Each successive web of temporary restrictions has ostensibly served to give developed countries time to adjust to the challenge from the third world.

Protectionist schemes such as the MFA are expensive. The effect of rationing imports from the countries able to produce textiles and clothing most cheaply is to raise prices for British consumers. In a special study for the Government, Professor Aubrey Silberston recently put the cost of the MFA to the British public at about £700m a year in current prices. This could be an underestimate because the study assumes the MFA pushes up the retail price of textiles and clothing by only 5 per cent.

But free competition between developing and developed countries might lead to quite dramatic price reductions: the companies (mainly in Hong Kong, Taiwan and Korea) which currently hold quotas have an incentive only to maximise the value of a nearly-fixed total volume of exports. They are also spared serious competition from even lower cost, emerging exporters in Africa and Latin America.

## Agreement

It is easy to see that the MFA imposes a burden on both developed and developing countries. It is harder to see who gains. Decades of restrictions have not prevented a steady contraction of UK textile and clothing firms, although the best managed among them, concentrating on particular areas of the market, have found ways of surviving profitably.

The present MFA expires in July 1986 but agreement on its successor is needed by this July. The UK's attitude may be crucial in determining the stance

of the European Economic Community, which negotiates as a block. A war of words is being fought between the relatively liberal Germans, Danes and Dutch and the stoutly protectionist French and Italians. Logic alone might suggest that the Thatcher Government, committed as it is to market principles, ought to argue for the MFA's outright abolition next year: past restrictions have cost the country dear. There are in any case provisions which could be used to protect textiles and clothing: they would simply be put on the same footing as other industries.

## Stand firm

If, as is highly probable, outright abolition is not regarded in either Europe or the U.S. as remotely feasible, the UK Government should be prepared to stand firm on two principles: the new MFA must be more liberal than the present regime and it must be the final MFA. In other words, signatories to the next MFA would accept its phasing out by an agreed date and implement immediate concessions — for example faster growth of imports of the most sensitive items, perhaps closer to 6 per cent per annum (the original target) than the present 1.2 per cent. In particular, controls would not, as in the past, be extended to any new categories of goods.

His approval rating was 60 per cent in the national opinion polls: the arms talks were finally under way in Geneva, and the much sought summit meeting with Mr Mikhail Gorbachev, the new Soviet leader, on the cards for later in the year.

Almost overnight, it has come badly unstuck. Thanks to the bungled arrangements for his visit to a German war cemetery in Bitburg, and his own propensity to make matters worse by saying the wrong thing, the trip to West Germany has suddenly become one of the most controversial events of his presidential career. The rest of the preparatory work done by the advance team in Germany headed by the outgoing and recently ill Mr Michael Deaver, who seems to have been unusually off-form and distracted. (Even while it was still on the road, the team managed to get into hot water for cut-price personal purchases of a small fleet of luxury BMWs.)

Nor does the affair bode well for Mr Ronald Reagan, the new White House Chief of Staff and former Treasury Secretary, who brings with him a reputation for sometimes hectoring assertiveness and much less political finesse than his world-wise predecessor, Mr James Baker. These inclinations to be kind to Mr Reagan are excusing him for being new to the job. But there

HAS President Ronald Reagan finally lost his magic touch? Has his legendary luck deserted him? Suddenly, in the course of a few painful days, Mr Reagan has run into a quagmire of political difficulties that have set political Washington wondering whether he is not at last losing his almost uncanny immunity to disaster — the renowned "Teflon coating" that has so far protected him from the wear and tear of more than four years in the White House. Two weeks ago, Mr Reagan was riding high, well set to embark on another triumphal European tour designed to reaffirm his successful leadership of the U.S. and the Western alliance. The scenario called for a businesslike economic summit in Bonn, followed by a magnanimous gesture of reconciliation with West Germany on the 40th anniversary of the end of World War Two in Europe. The then president, with strength and unity of the West after 40 years of peace, underlined by a statesmanlike appearance before the European Parliament in Strasbourg and a visit to the European Community, Spain and Portugal.

At home, Mr Reagan was defying predictions that he would rapidly lapse into ineffective "lame duck" status in his second term. He had won major Congressional victories on his farm policy and his intercontinental MX missile, both in the teeth of fierce opposition, and cockily challenged his adversaries to try to raise taxes in the face of his presidential veto with the popular taunt from a Clint Eastwood movie: "Go ahead, make me say."

His approval rating was coasting along at comfortably over 60 per cent in the national opinion polls: the arms talks were finally under way in Geneva, and the much sought summit meeting with Mr Mikhail Gorbachev, the new Soviet leader, on the cards for later in the year.

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On Wednesday, the latest Washington Post/ABC News

## BEFORE THE BONN SUMMIT

## Mr Reagan stumbles

By Reginald Dale, U.S. Editor, in Washington



President Reagan: riding high two weeks ago, now down in the opinion polls

poll showed his overall approval rating sharply down to 54 per cent — the lowest since October 1983. And as if to prove that bad news never comes singly, the economic indicators that have been so kind to him over the last two years and more have started flashing warning lights. The final verdict is not yet in on the longer term implications of the latest official estimate of a bare 1.3 per cent annual growth rate in the current quarter. But even senior administration officials now openly admit that the economy is "faltering".

Yet it is in a way a tribute to Mr Reagan's continuing popularity that the first reaction of many of his critics has been to blame his White House advisers, rather than Mr Reagan himself — at least for the more dramatic of his recent lapses. On the Bitburg fiasco, there is still an inclination to give him the benefit of the doubt, at least as far as his underlying motives are concerned, that is hard to imagine being accorded to his predecessor President Jimmy Carter in similar circumstances.

There can be no denying the uncharacteristic sloppiness of the preparatory work done by the advance team in Germany headed by the outgoing and recently ill Mr Michael Deaver, who seems to have been unusually off-form and distracted. (Even while it was still on the road, the team managed to get into hot water for cut-price personal purchases of a small fleet of luxury BMWs.)

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is little doubt that Mr Baker would have swiftly nipped the Bitburg controversy in the bud. Mr Reagan, whose new role in the Administration has been compared to that of a European prime minister, prides himself on having single-handedly replaced three men — the original white house "troika" of Mr Baker, now Secretary of the Treasury, Mr Deaver, and Mr Ed Meese, recently installed as Attorney General. Mr Patrick Buchanan, the new White House communications director,

## The President has found himself fighting on three major fronts—MX, the 'Contras' and now the budget

an abrasive right-wing political commentator is rapidly rising as his de facto number two. While Mr Deaver is leaving the Administration, however, Mr Baker and Mr Meese remain in its innermost councils. Still close to Mr Reagan, they have now taken charge of two new, streamlined policy-forming Cabinet councils — Mr Meese's on domestic policy, Mr Baker's on U.S. and international economic policy — which will extend their influence well beyond their specific cabinet responsibilities. Along with Mr Robert McFarlane, the National Security Adviser, they will largely control the flow of policy recommendations to Mr Reagan.

The Bitburg affair, has been less of a public relations disaster, a question of sensitivity and style. And there seems little doubt that the style of the White House under Mr Reagan and Mr Buchanan is going to be much less compromising, less "pragmatic" and more confrontational, particularly where Congress is concerned. The tendency is now less to rein in Mr Reagan and confront him with political reality, but rather to egg him on in his ideological fervour — as in his emotional support for "our brothers" the Nicaraguan rebels.

Even if the mix-up over Bitburg was not originally Mr Reagan's fault, he is not being shielded from its consequences, as he almost certainly would have been in his first term. By appearing to fail to grasp the

full horror of the holocaust, he is giving fresh ammunition to liberals who have always regarded him as morally shallow and historically ignorant, and he is causing himself serious, possibly long-term damage, with two powerful constituencies that he has cultivated throughout his political career, American Jews and veterans.

He has done himself no good by going out on a limb for the Nicaraguans, "Contras", whom he has curiously described in the past three weeks in a massive outpouring of reminiscence, analysis and self-mortification. It was not, to put it mildly, the best moment to pitch for American funds for a small group of fighters in a far-off jungle.

The defeat on Nicaragua not only presents Mr Reagan with the major policy problem of how to keep up the military pressure on the Sandinista government. It will also encourage his opponents in Congress to believe that he can be beaten in the battles that lie

ahead, and re-open the question of his effectiveness as a "lame duck" President. "Smelling blood in the water," as one commentator graphically put it this week, the sharks will close in for the kill — and a very large piece of prey is at hand.

Mr Reagan's \$52m deficit reduction package, on which voting was due to begin in the Senate last night, is in any case more than usually vulnerable. It contains unpalatable spending cuts for the middle classes, on items like pensions and student loans, and more money for defence than many in Congress believe to be necessary, including some of his own Republicans.

Mr Reagan's opponents, however, have consistently made the mistake of under-estimating him. His televised appeal to the American people for support for his budget cuts on Wednesday night was a masterly performance that did nothing to suggest that the old man had suddenly vanished. Mr Reagan has been through bad patches before — most notably in early 1983, when the media turned savagely on him. His budget cuts then, and indeed his whole Administration, appeared to be in chaotic disarray and his approval rating plummeted to 34 per cent. But that was right at the end of what his opponents called the "Reagan recession" — with the economy, his fortunes recovered too.

For the moment, there is little suggestion that Mr Reagan has been irreparably damaged by his standing with the vast mass of Americans who live beyond the Beltway, the ring road that marks the unofficial boundary of political Washington. The latest opinion poll suggests cards — a divided Democratic opposition and the fortuitous opening of the Geneva arms talks, both of which he exploited to the full. He will not easily repeat his success when the next request for MX funds comes round in a few months time and the initial euphoria over the arms talks will be over.

On Nicaragua, Mr Reagan faced a much more ideologically united Democratic party and a general public which, if it thought about it at all, could not be persuaded that an obscure Central American country of 3m inhabitants could really pose a major security threat to the U.S. This time, again fortuitously, the vote coincided with a much more ominous event — the tenth anniversary of the fall of Saigon — that has been filling the nation's TV screens and newspapers for the past three weeks in a massive outpouring of reminiscence, analysis and self-mortification.

It was not, to put it mildly, the best moment to pitch for American funds for a small group of fighters in a far-off jungle. The defeat on Nicaragua not only presents Mr Reagan with the major policy problem of how to keep up the military pressure on the Sandinista government. It will also encourage his opponents in Congress to believe that he can be beaten in the battles that lie

## New targets for British coal

WHEN THE miners' strike was at its bitter height last summer, Mr Nigel Lawson, the Chancellor, remarked that the heavy cost of raising the support necessary to the National Union of Mineworkers was an investment well worth making. The principles for which the Government was fighting were that the coal industry should, so far as possible, be run on ordinary commercial lines and that management should have the right to manage.

Any business that does not run on ordinary commercial lines, even if it can hardly be called commercial, hence, on the face of it, the Government's intention of eliminating losses by 1987-88, revealed in yesterday's Coal Industry Bill, is the natural epilogue to the miners' strike. Without some such commitment, Mr Lawson's talk of a worthwhile investment would now sound odd.

With luck and fortitude over the next two financial years, the Coal Industry Bill may prove something of a watershed. The last vestiges of the "Plan for Coal" have been wiped away. The Government is no longer committed to producing a pre-set physical volume of coal regardless of costs, international competition or the state of the economy. Physical targets and financial targets are incompatible: as in its handling of the macro economy, the Thatcher Government has wisely opted for the latter.

## Surprising

The goal of financial break-even before the next general election sounds impressive but will not be straightforward. In order to make it appear even faintly credible the Government is now pumping cash into the industry at a surprising rate in view of the Prime Minister's rhetoric about subsidies during the miners' strike. In total the industry will receive £2.65bn over the next two financial years only £1.2bn of which can be regarded as compensation for the costs of the strike itself. The price of breakeven will be heavy taxpayer support in the short-term.

The importance of setting the right targets should not be underestimated but it falls well short of the importance of achieving them. There are two dangers raised by the commitment to financial break-even in

the coal industry. First, if as the next election draws closer, the target begins to look unachievable, might the Government be tempted to indulge in creative accounting on a generous scale? A break-even target will mean nothing if the Government is committed to subsidising the industry necessary in one way or another.

## Appreciate

One difficulty is that the profitability of coal depends so heavily on the prices paid by its very large domestic customer, the Central Electricity Generating Board. Nobody can deny that it is within the power of ministers to lean on the CEBG to ensure that the prices it pays are consistent with a second difficulty is that break-even in the British coal industry depends crucially on the competitiveness of foreign coal. Although the Government has made no fanfare about it, there are now no restrictions on coal imports. The attraction of the "Plan for Coal" will be to maintain an exchange rate movements. If the pound continues to appreciate against the dollar, the break-even target will automatically become more onerous — assuming imports are a genuine option.

The second danger raised by the shift to an explicit financial target lies in its implications for pit closures and manpower reductions. The coal board will almost certainly have to scrap the large tail of hopelessly uneconomic pits and although the National Union of Mineworkers is down, it is not out. If the pace forced is too fast the costs of industrial unrest might begin to outweigh the benefits. As it is, it looks as though the industry will need to lose about 40,000 men through voluntary redundancy — a pretty ambitious target.

It would be wrong to set too great a store on achieving the financial break-even. It is more important that the Government continues to allow the unrestricted import of foreign coal, that the CEBG is not forced to pay above world prices and that the NCB gets on with restructuring the industry. Provided these conditions are met, the industry may have a less in 1987/88 it will be for the right reasons. This would be preferable to a profit for wrong reasons.

## Robbery, says Yarrow

"We get plenty of sympathy, but we would rather have cash," says Sir Eric Yarrow wistfully. He has stepped down as chairman of Yarrow this week on reaching 65.

The company, which lost its naval shipyard on the Clyde to state ownership in 1977, is still involved in the clash with the Government over its compensation. Sir Eric will be in Strasbourg in late June to hear what the European Court of Human Rights has to say about the Yarrow yard and other nationalised assets. Yarrow now £6m for the yard, which was independently valued at the time at £17.5m. It has just been sold to GEC for £34m.

Sir Eric, who has just become chairman of Clydesdale Bank, will continue to be involved in the business — which is now involved in marine engineering consultancy and control systems. But his retirement ends 120 years of family chairman of the company, which was founded by his grandfather Alfred Yarrow.

The new chairman, Teddy Boyd, will be only the fourth in the company's history. "It is nice to be leaving with the share price near an even high," says Sir Eric. It stands near 800p. His personal stake, however, is under 1 per cent. He does not rule out the idea of one of his four sons joining the business — the elder two are in merchant banking and accountancy — but "there will be no pressures".

Sir Eric is not enamoured of Yarrow's treatment by politicians. When the Labour Government nationalised the shipbuilding and aircraft sectors, the Conservatives were strongly critical. But when they took office they declined to pay out any extra cash. Yarrow's claim exceeds £30m. Total claims by shipbuilding and aircraft companies — including those of GEC, Vickers, Sir William Lithgow, Vespene and others — now exceed £600m. "All we're seeking is to put a wrong right," says Sir Eric. "Nobody likes being robbed

## Men and Matters

## Warsaw Concerto

The flags are up and the security is tight as Warsaw prepares for the summit designed to extend the military treaty which bears the name of the Polish capital. The signing itself will take place, as it did in 1955, beneath the chandeliers in the Council of Ministers' building which once belonged to the Radziwills. Outside, as if to spite the blue-clad police stationed, it seems, every few yards with orders to guard against surprise, the wind tore at a sign proclaiming "Long Live the Warsaw Pact, A Fraternal Alliance in Defence of Peace" which had been strung right across the street.

For a good half-hour before it was rescued by a diligent agitprop group, the sign sagged dangerously, causing buses to brake to avoid catching the red cloth and pulling down the message in what might have been seen as a political gesture.

In another gesture, directed this time against the Western Press, the normally welcoming Polish officials Press centre has been divided into two, with Western reporters excluded from the bit containing the bar. The Westerners have been banished to a barren conference room, told firmly that no briefings will be laid on, given a couple of telephones and a telex as well as a lady to dispense soft drinks, and left to get on with it.

What their East bloc colleagues will find to do in their sector is also open to speculation. Only TASS and PAP, the Polish Press agency, will be allowed anywhere near the visiting leaders.



"No school again—what's on strike today?"

## Life member

More news reaches me of the plight of Ronald Lake, the BL worker who has been having difficulty resigning his membership of the Transport and General Workers' Union at Austin Rover's assembly plant at Cowley, Oxford.

Lake, it may be recalled, told the company in February that he had resigned and that no further union dues should be deducted from his wages at least. But BL, while insisting there is no closed shop at Cowley, says it has to have that instruction in writing from the union itself.

To date, no such instruction has been forthcoming and, judging by a letter Lake has just received from his (arguably former) IGWU branch, is not likely to be.

Signed by one J. Barson, secretary of hte 5/887 branch, letter says: "Dear Brother Lake, Re: your resignation from the union. I have been asked to write to you on behalf of the branch to inform you that the branch, after further discussion, cannot accept your resignation from the union."

"Indeed a resolution was passed that made the above decision. Resolution reads: 'This branch does not accept the resignation of any member from the union'."

It's one way to keep the numbers up, I suppose.

## Big stick

I recommend all chairmen to equip themselves with "talk sticks." Although not yet freely available in London stores, they appear to be an effective weapon against boardroom botes.

Bill Castell, managing director of Wellcome Biotechnology, has been flourishing his own "talk stick" of North American Indian origin during meetings in London. About 4ft long, with a threatening eagle carved on top, it resembles a small totem pole.

According to Indian custom, the person holding the "talk stick" in a pow-wow can talk without being interrupted. Michael Warren, a Vancouver lawyer, presented Castell with the stick after they had been locked in negotiations for more than two years. The outcome of all the talking is an £18m Anglo-Canadian medical research venture for Interferon.

## Cardcase

After constant canvassing, a City gent filled in an application form for an American Express card. Under occupation, he wrote: "Member of Lloyd's. Back came the form with a note asking to 'state which branch.' He decided he could do without the card quite nicely.



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Observer

MRS THATCHER'S Government is no longer obviously winning the intellectual argument. The Tories came to power in 1979 to restore incentives, promote enterprise, cut subsidies and thereby reduce unemployment.

Yet as Lord Blake, the Conservative historian, has written: "The spirit of the age does not last for ever." It is beginning to look as if the spirit may be changing. Not only has unemployment continued to rise; time is also running out before the next general election.

The two remarkably convergent opinion polls published yesterday—Gallup in the *Daily Telegraph* and Marplan in the *Guardian*—suggest that the Government is far from sitting pretty. Gallup gives the Tories 34 per cent, Labour 37 per cent and the Alliance 29 per cent. The Marplan figures are: Tories 33 per cent, Labour 36 per cent and Alliance 29 per cent.

Add Labour and Alliance support together, and there is a very significant anti-government majority: much more so than at the general election in 1983.

The Government also has a formidable number of problems on its plate. Local government reform rumbles on, possibly creating more problems than it solves. The exchange rate is still a conundrum: sometimes too high, sometimes too low, and no one knowing how to control it. The dispute with the teachers shows that all is not well in the schools, something which must ultimately affect the country's national performance.

And unemployment is as bad as ever. It would be a mistake to assume that the Tories will automatically recover.

True, much the same was said in 1981, yet the Government came back to win hands down in 1983. But the difference is that this is the second term. The Government can no longer rely on the benefit of the doubt if its policies are seen not to be working.

Such thoughts are prompted by the launching of the Employment Institute and some of the reactions to it. There was one particularly intemperate note in *The Times* on Tuesday from Lord Baser. It ran in full:

"Three former Prime Ministers are the patrons of the newly-formed economic policy group led by William of Winton, Mr Callaghan and Mr Heath."

"Between them, they unleashed the forces behind the greatest peace-time inflation in Britain since the 19th century at its height."

It should not take a moment to remember that Mr Callaghan, when he was Prime Minister, presided over a period of considerable economic and political stability. To be sure, he made mistakes. He should have ignored the Scottish devolution question and gone to the country

## Politics Today

# Going the way of Sir Robert Peel

By Malcolm Rutherford

around March 1978. He pitched the pay norm at 5 per cent—too low for the unions to stomach, further delayed the election and then ran into the water of discontent.

Yet it is uncharitable to write him off in the way that Lord Baser has done. Mr Callaghan did exert control over public expenditure and reduce inflation. He did it partly by seeking co-operation with the unions: a fashion that could come back.

The Employment Institute, however, has pretensions of its own. Nothing is more striking in its publicity literature than its claim that the Charter for Jobs campaign will be like the Anti-Corn Law League of the 1840s.

For a start, the aims of the League were relatively simple. They were to repeal particular legislation. There is no single law or group of laws on the statute book today which the Employment Institute wants repealed to create jobs. If there were, the Government would probably have repealed them already, though it is having difficulty within its own ranks in getting rid of the Wages Councils.

Again, the repeal of the corn laws split the Tory Party. Once the laws were out of the way, with the help of the Whigs in the House of Lords, Sir Robert Peel had no more function as Tory leader. He had gone against his party, and divided it. As he said in his final speech when his government resigned, he would leave office "censured by those who

on public grounds, valued party loyalty and party connection, censured by those who genuinely believed in the principles of protection and excoriated by every selfish monopolist."

Yet there is one supreme irony in the corn law comparison. Mrs Thatcher and Sir Robert Peel have a lot in common. If Mrs Thatcher splits the Tory Party, it will not be by changing her policies but by sticking to them.

It is interesting to note in passing that some of her closest Ministers, such as Mr Leon Brittan, the Home Secretary, have been trying to build up Peel rather than Disraeli as the founder of modern Toryism. He was the outsider, difficult to get on with, not a conventional member of the establishment, not given to bland phrases about "one nation," but who knew what he wanted to do and did it.

There are other parallels between the 1840s and now. The decade saw not only the Anti-Corn Law League, but also Chartism which attacked the mill-owners and industrialists as the former attacked the land-owners. There was a good deal of talk about the condition of England and whether it was possible to govern the country. Peel's biographer, Professor Norman Cash, says that "few governments in the nineteenth century took office in circumstances as discouraging as those of 1841."



A pleasant situation!—facing two dangerous animals Nov. (1842). Peel between the snapping crocodile of the anti-corn law league and the crouching lion of the agricultural interest, brandishing his new Corn Bill in one hand and his new tariffs in the other. (Cartoon of the time)

Yet what comes home most in drawing comparisons is the way British politics have been so frequently in a state of flux. That is the pattern rather than the exception. People were always changing parties. Gladstone was once a Tory. Disraeli's history might have been quite different if Peel had given him office. Parties changed policies, too. Lord Blake notes that in the 1820s it was by no means self-evident which of the two big parties would go for reform. So much depended on personalities and who got on with whom.

When the Tories split after the repeal of the corn laws there were arguments in the House of Commons over where the various factions should sit, just as happened with the Alliance this week. It is a myth that Parliament is essentially a two-party place. Only the furniture and the electoral system suggest otherwise.

Skip the odd generation, and the point becomes plainer. There was a three-party system for most of the first half of this century. The Liberals gradually declined and Labour gradually emerged: coalitions were quite frequent.

There are perhaps two rules of thumb: party splits take a long time to heal and a new party takes a long time to emerge. The Tory Party took years to recover from the division after the repeal of the corn laws. So did the Labour Party after the split of 1981.

The Liberal Party never got over the split between Asquith and Lloyd George. Equally something new does not develop overnight or even between one general election and another, as Dr David Owen is finding with the Social Democrats.

At the same time, the divisions between the parties may not be nearly as wide as they sometimes appear. It is not really surprising that Lord Wilson, Mr Callaghan and Mr Heath should put their names to the same charter for jobs. They are, after all, facing the same problems. It is not surprising either that the Employment Institute should be advocating measures to improve the mobility of the labour market, some of which the Government is already undertaking. The Government, too, wants to bring unemployment down.

What is happening now is that the country is going through one of those long periods of political realignment where personalities as much as anything play a major part. Probably there is much more consensus than meets the eye, yet neither the divisions nor the agreements are being accurately reflected in party politics.

Mrs Thatcher is a dominant figure. No one in her own party is ready to contest her leadership. Yet if the Tories were to lose the next general election, one would not give much for Tory unity. The inquest would be at least as savage as

anything that has happened in the Labour Party or after the repeal of the corn laws.

Quite the best argument that the Tories could put, and sometimes do put, is that at least the political ground will have changed. Certainly the Social Democrats, but also Labour, have moved a long way in the direction of market economics. There will be no going back to the past.

Yet the warning signal to the Government must be that the spirit of the age is changing. There may be something wrong with a system which shows 60 per cent of the electorate against the government of the day. But it is the system that we live with and it can throw up some very funny results. Being much canvassed at the moment, for instance, is a coalition between Labour and the left-wing of the Liberals after the next election and quite clearly some Tories are now in the wrong party. What keeps them there is a curious belief that they represent the true Conservative tradition which will return once Mrs Thatcher has gone. One should not be quite so sure.

There is an underlying confidence in the stability of British politics. The record suggests, however, that it has quite frequently been touch and go. There have been prolonged periods of political uncertainty. Possibly we are entering one of those periods now. The electoral system has yet to catch up with the political mood.

## Lombard

# A not-so-fierce banking battle

By David Lascelles

WE HEAR a lot these days about the intense competition that is developing in the UK financial services industry. Banks, building societies and insurance companies like to use words like "battleground" and "gunsmoke" to evoke the war-like atmosphere of their markets as they fight for the saver's pound, the company that or whatever it is they have trained their sights on.

But does the fact that these institutions can no longer sit back and wait for business to come to them as they did in the past mean that their market has become competitive in the true sense of the word?

Certainly banks have been forced to offer better rates to their depositors to stem the outflow of funds to the building societies. They have also bowed to market pressure by re-opening their branches on Saturdays—albeit to offer only a limited service—and it would be hard to miss the greater eagerness for business that pervades financial institutions generally.

But welcome though all this is, there is still plenty of evidence that UK financial services is a soft market where no one should delude themselves that competition has reached a pitch that could be described as intense.

For a start, the big clearing banks made a handsome profit in the UK last year despite all the bullets that were supposed to be whizzing round their heads. Not that these profits were excessive—just surprisingly good for an industry that likes to describe itself as embattled.

The loan market seems to have been particularly comfortable, with the finance houses and credit card companies able to charge impressively high rates of interest to consumer borrowers: 27 to 30 per cent, which is more than twice their cost of funds and five times the rate of inflation. Barclaycard's profits last year were up 50 per cent.

Would building societies be able to indulge in their curious practice of charging higher rates for big loans, or in- and the consumer becomes more discriminating.

By almost any measure, the returns that British banks obtained on their UK business last year were substantially higher than those they got abroad. These comparisons can be misleading because the banks' foreign business tends to be wholesale with big economies of scale—and the domestic business rather the opposite. But the international arena is where the blast of competition blows strongest and it must provide a clue about profit margins.

Lloyds Bank provides a detailed comparison between its domestic and international business in its annual report which is quite revealing. It earned 2p in net interest income for every £1 of assets on its foreign business, but nearly three times that much, 5.65p, in the UK. Other operations income amounted to less than 1p abroad, and over 2p in the UK.

This is not a reason for condemning Lloyds or any of the other banks: if this is what the UK market will bear (and the British consumer of financial services may be partly to blame for being insufficiently demanding) then they should go for it.

The more disturbing truth may be that the huge growth in the UK loan market (up by over 20 per cent a year since 1982) has shielded institutions from the full force of the competition. If so, there is both good news and bad on the way.

The good is that consumers of financial services can probably look forward to further market improvements in service and borrowing costs as competition really begins to bite, particularly with the arrival of more foreign competition, and further deregulation of the financial services market. The bad, at least for financial institutions, is that the temperature in the marketplace has still some way to climb. Many of them could suffer as the growth of the market slows rates for big loans, or in- and the consumer becomes more discriminating.

## Power needs for Star Wars

From Drs L. Allen and N. Dombey

Sir,—For a balanced picture of present U.S. technology on "Star Wars" it is important to include some scientific and arms control qualifications. As physicists concerned with these matters we should like to take up several aspects.

It would be much simpler to build a laser or particle beam generator on the ground rather than sending it into orbit. But the earth's atmosphere plays a crucial role. A neutral particle beam of say, 200m electronvolts will rapidly lose electrons on collision with atoms of air and become a charged particle beam within a few centimetres. This will cause the beam to diverge on account of the mutual repulsion between the positively-charged atoms and the beam will not then focus on the target. The beam will become bent because of the interaction of the charged particles with the earth's magnetic field. Hence a neutral particle beam must be space-based, above the atmosphere, with the concomitant difficulties and expense involved.

The problem is not eased by the use of lasers. Laser light travelling through the atmosphere is scattered. Most powerful lasers are in the infra-red, yet infra-red light loses half its intensity within 4km in perfect conditions and within a few metres in cloud or fog. Air heated by the passage of laser light expands causing a variation in air density and this perturbs the beam, defocusing and diverting the light and misdirecting it. Even above the atmosphere where such problems do not occur, there remains the severe problem of power requirement. To achieve the energy needed to crack the metal shell of a rocket, after allowing for the beam divergence and the metal's ability to absorb the energy, it has been estimated that a laser would require a power 1,000 times that of a good sized power station. Such lasers do not exist.

The power requirement could be overcome by using an H-bomb to pump an X-ray laser. Tentative results from the U.S. nuclear weapon laboratories suggest that X-ray lasers pumped by a nuclear explosion have already been tested. Their possible use in "Star Wars" would necessitate that they be sited in space as X-rays are strongly absorbed by the atmosphere.

From the arms control viewpoint research along these lines is very disturbing. Tests of space-based X-ray laser systems involving the explosion of an H-bomb would naturally be needed at some stage. Yet such tests would not only violate the Anti-Ballistic Missile Treaty

## Letters to the Editor

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that buildings should be designed to meet the requirements of their occupants. Screens and electronics are pouring into the City and fundamentally changing the way business operates and people work. Many of the present buildings are ill-suited to take electronics and provide a poor working environment.

Mr Amery castigates our views as "gradgrind," "philistine" and labels us "New Right." I cannot object to criticisms of our views, no more so if they are constructive, but Mr Amery merely politicised and sloganised. I really do object, however, to criticisms of views attributed to us but which we did not state and criticisms of gross distortions of our views.

We have built many awful buildings since the war—poor to work in and ugly to look at. We have no hope of designing better buildings for people how they work, or to look at unless they are designed by people with style for people with style.

Alex Henney, (Chairman Centre for Policy Studies, Local Government Working Party.) 8 Wilfred Street, SW1.

## Engineers and wealth

From Mr G. Clifton

Sir,—Your article (April 22) concerning the salaries and accountants highlights an interesting feature in Britain's continuing economic decline, in manufacturing.

It seems sensible that the creation of wealth should be better rewarded than the counting of it. Until this is achieved the best talent will presumably continue to avoid design, development and production engineering with its lowly status and poor salaries. Accountancy offers much better prospects together with a sharply rising demand, even at the entry and part-qualified levels.

There are puzzling aspects to the situation. Why has the acknowledged shortage of professional engineers not produced high salaries as has happened at all levels in accountancy? Why is there such a great demand for accountants, particularly the newly-qualified, at relatively high salaries? What do accountants bring to the wealth creation process that is valued so much more than the creative

and productive input of professional engineers? Gordon C. Clifton, 12 Ladbroke Grove, Ash, Surrey.

## Nuclear industry goes to earth

From Mr J. Nichols

Sir,—Branan Radovic's illustration (April 19) of the intention of making a contract for Sizewell B's nuclear power station leaves two jigsaw pieces missing.

I suspect the reason for this is that the designer was not quite sure which of the two fields of winter wheat behind my desk he was going to use for the extraction of gravel to make the concrete. If he would like to complete the picture, the gap on the left is the field next to the primary school and the church in the centre of Holton St Peter and the one on the right is the field adjacent which because of the rise in the land will be less visible from the village street.

To complete the illustration there should be a drawing of the old car bodies, rusted and rotting timber that will fill the space left after the rape of the cornfields.

I believe the probability of a nuclear mishap at the Sizewell B site is remote but there is a greater probability, almost amounting to certainty, that the building of the power station will bring disaster to, if not Holton St Peter, then some other small Suffolk village.

J. W. L. Nichols, Mill House, Holton St Peter, Halesworth, Suffolk

## Battle of a sunseeker

From Mr B. Dean

Sir,—Arthur Sandles' piece (April 24) on the current Intarn/Thomson warfare ("Battle of the sunseekers") is well timed, for this sunseeker at least.

My flight, with wife and friends, to Malaga, was put back nine hours, from 8.00 am to 5.00 pm, an effective loss of a day on a seven-day break, without a prior word of explanation, let alone of apology.

Redress? Not on your polka-dot bikini! Refer to the small print of the "fair trading charter" in Thomson's "a la carte" brochure (some nice ironies there) and you will learn that this is not a major change: that would require 12 hours!

Nothing the poor punter can do, I fear, but other sunseeking readers—be warned! Brian H. Dean, Cobblestone House, Hoscote, Surrey.

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# FINANCIAL TIMES

Friday April 26 1985

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## EEC DEAL ON FARM SPENDING FACES FIERCE OPPOSITION

### British payout falls to Ecu 75m

By Quentin Peel in Brussels

THE NET cost to Britain of almost Ecu 2bn (\$1.46bn) in extra EEC farm spending this year is likely to be no more than Ecu 75m, due to the budget deal agreed at last year's Fontainebleau summit.

That is the calculation made by officials in Brussels, after taking into account both payments back to British farmers and the two-thirds reduction in net contributions provided for at Fontainebleau.

However, the British budget deal is still likely to run into fierce objections in the European Parliament, and possibly in individual national parliaments, before it is finally enshrined in EEC regulations.

The 1985 budget approved this week by EEC budget ministers in Luxembourg increases agricultural spending against last year's draft by Ecu 1.955bn to Ecu 10.955bn, out of a total expenditure of Ecu 27.93bn. It requires increased contributions from the member states of Ecu 1.98bn on top of their regular contributions to the Community's so-called "own resources."

Britain's share of the financing gap is some 2.1 per cent, or almost

VAT payments\* to 1985 EEC budget before and after British rebate (millions of Ecu)

	before British rebate	after British rebate
Belgium	595	554.5
Denmark	312	342.59
W. Germany	4,450	4,693.94
Greece	225	263.94
France	3,450	3,788.25
Ireland	135	148.59
Italy	2,278.5	2,501.89
Luxembourg	40	43.52
Netherlands	750.5	824.06
UK	3,350	2,300

\* VAT payments for all except Greece, which makes a comparable financial contribution.

Ecu 490m, which will have to be approved by London. However, Britain's normal share of spending from the Common Agricultural Policy (CAP) is between 10 and 11 per cent, so up to Ecu 215m can be expected to be paid back to British farmers from the Ecu 1.955bn increase in the CAP budget.

That would leave a net contribution of Ecu 215m outstanding, of which 86 per cent, or Ecu 187m, would be repaid in 1986 according to the Fontainebleau formula, reducing the final net contribution to only Ecu 75m.

In 1985, the reduction in British budget contributions is fixed at Ecu 1bn, which means that the other nine members will have to increase their VAT-based payments by that amount.

The European Parliament's budget committee decided yesterday to suspend judgment on the rebate system, pending further talks with the Council of Ministers next week on the whole subject of member states' budget contributions.

The MEPs also withheld any opinion on the budget ministers' agreement to pay up the extra Ecu 1.98bn to fill the budget gap.

Leading members still want the British Ecu 1bn to be included only in the form of special spending schemes as in former years, and not as a simple reduction in contributions. They also object to the

Budget Council having finalised a figure for the budget gap before the European Parliament has considered it - and before the EEC farm ministers have agreed on farm prices for the coming year.

The budget committee rejected the council's decision simply to ignore estimates of an Ecu 417m deficit on the 1984 budget and an Ecu 232m increase in 1985 revenues, which would mean that the budget still has a gap of Ecu 183m unfilled.

The MEPs accepted the full increase in farm spending, the largest element in which are increases for finance increased stocks of butter and beef, help subsidise exports on to the world market and support wine and sugar production.

The defence of such increases by European Commission officials is that they are part of the painful process of reforming the agricultural policy, reducing the huge level of stocks once and for all.

The first formal reading of the budget in the European Parliament is scheduled for May 7.

## Austrian tax reform aims to encourage investment

By Patrick Blum in Vienna

DR FRANZ VRANITZKY, the Austrian Finance Minister, yesterday unveiled the first part of a long-awaited tax reform designed to establish better financing structures for private industry and encourage private investment.

After years of discussions under his predecessors Dr Vranitzky has decided to abandon the idea of introducing a sweeping once-for-all reform in favour of piecemeal changes tackling specific problems.

This, it is thought, will make reform more manageable and prevent the creation of new problems.

New tax rules to be introduced on January 1 1986 will effectively put an end to double taxation. Currently a company pays corporation tax on profits, and shareholders pay tax on dividend income. Companies will be encouraged to issue shares through tax concessions to investors buying new shares. This will also indirectly benefit foreign companies seeking to enlarge their capital base on the Austrian capital market.

In contrast tax advantages for buying *Gesusschneidfonds* - low-risk participation certificates used to raise money for investment in small manufacturing businesses - will be reduced by 25 per cent to encourage direct investment in company shares. The certificates were introduced in 1982 and proved popular. Investment in these was about Sch 2bn (\$94m) last year, but the tax concessions cost the Treasury about half that amount.

Critics argued that the certificates, which carried practically no risk, acted as a disincentive for direct investment in companies as well as being used as a tax loophole by the more fortunate investor. High interest rates combined with tax advantages also provided real yields well above average capital market rates. Dr Vranitzky has decided to redress the balance by making it more attractive to buy shares.

Individuals buying shares will now be able to deduct up to Sch 40,000 a year from their taxable income, depending on the nominal value of new shares bought. For a married couple with only one income earner, an additional allowance of up to Sch 40,000 is available as well as an extra Sch 10,000 per child.

The reform is not expected to cost the Treasury much. Ending double taxation will have little effect on tax revenues, since this is widely avoided through tax loopholes, but Dr Vranitzky believes it will have an important psychological effect. It is also thought that the loss of revenue through tax concessions to individual shareholders will be compensated by the reduction of concessions on participation certificates.

## Markets, Section III

### India given aid warning by Britain

Continued from Page 1

cheaper than last year because, unlike the Daphni, it could be used for a wider range of work than the basic requirement of servicing the west coast Bombay High oil and gas field.

In a recent interview, Mr Gandhi told the Financial Times that the Westland was "not in the slot" and was too expensive to run. He had told Mrs Margaret Thatcher, the UK Prime Minister, the same thing when they met in Moscow a few weeks earlier at the funeral of Mr Konstantin Chernenko.

Mrs Thatcher returned to the subject two weeks ago when she briefly visited New Delhi and pointed out to Mr Gandhi that it had been a positive decision by the Indian Government last year, when Mrs Indira Gandhi was Prime Minister, to buy the more versatile Westland despite the extra expense.

In the past fortnight further technical queries have been raised, such as safety on take-off. That has given the impression that the Indian Government is searching - so far, apparently, unsuccessfully - for a technical reason to abandon the contract.

The British Government - probably at Cabinet level - now has to decide what to do if the contract is not finalised. It could provoke a serious row by refusing to allocate the aid to other Indian projects and give the money to another country or an international agency such as the World Bank.

Alternatively, it could spend as much as possible on other projects; but, as Mr Raison suggested, the difficulty of mastering enough contracts by the end of the current financial year would almost certainly mean that not all the money would be spent.

## THE LEX COLUMN

### Blue Circle stays away

Blue Circle is not the sort of company which can afford to toy with stock market sentiment, given its patchy earnings record since 1981. Cement is not a glamorous business, and earnings from Chile and Mexico have a habit of vanishing overnight.

But Blue Circle's decision not to fund its latest U.S. acquisition through an equity issue is more than a weary surrender to a low rating. The premium price paid for Atlantic Cement and the belief that it will pay its financing costs in its first half year may look sanguine if the U.S. construction market does turn down; but, at least, Blue Circle now enjoys a broad regional base in the U.S. Shareholders would have every cause for annoyance if their prospects of earnings growth, or at least a higher plateau, were wiped out by equity dilution.

Instead Blue Circle has taken on additional borrowings of £140m, which leaves it fairly uncomfortably geared at 45 per cent. But Atlantic is a cash-generative business, and Blue Circle's capital investment in the U.K. will now fall off quite sharply from last year's peak of £20m. There is no reason why Blue Circle's equity gearing should not be back around 25 per cent two years from now.

Mexico and Chile are performing well for the moment and paying down their loans; but there are obvious advantages in pushing their production through Atlantic's terminals into a higher quality environment. Equally, while Blue Circle retains a risky portfolio overseas, a net currency gain of £2.5m last year is scarcely material even to those who look askance at excessive dollar exposure this year.

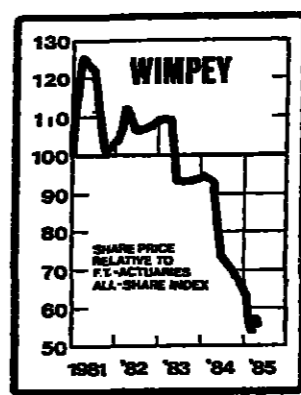
Blue Circle also did well to hold the squeeze on margins in the UK to a percentage point in 1984 and should enjoy recovery this year. Even without adding back the £2m lost to the miners' strike - or adding on next June's price rise - Blue Circle is poised for benefits from heavy spending on new kilns.

In fact, this year should see Blue Circle slipping towards its profits peak of 1981 after three dreary years at £10m.

Even at 49p, up 15p on the absent rights issue, Blue Circle is cheap; too cheap, probably given the somewhat better quality of the business.

## Newmont Mining

The first-quarter figures from Newmont Mining are scarcely an advertisement for copper mining



and the company's shareholder Consolidated Goldfields may be wishing it had stuck to unprofitable old gold. With an average price for copper of 63 cents a pound, Newmont lost \$11m on the metal and could post net operating profits of only \$3.4m for the quarter.

Admittedly the copper performance was somewhat better than in the first quarter of 1984. Newmont is a low-cost producer with next to no debt - thanks in part to the sale of Atlantic Cement. With London stocks of the metal at an 11-year low, and U.S. stocks falling, copper may indeed average out the year at over 70 cents and allow ConsGold a return.

Meanwhile, with Newmont shares in the mid-\$40s, ConsGold is still showing a sterling gain on its purchases at under \$80. If only it had bought U.S. bonds.

## ICI

For two years ICI could do no wrong in the eyes of London markets; now it can do no right. The company made more money in the first three months of this year than in the whole of 1982, but, at £267m, the pre-tax profit was only 9 per cent up on the first quarter of last year, and the share price reflected the disappointment in a 21p fall to 744p. Since the beginning of March, when ICI produced its famous £1bn profit for 1984, the shares have fallen 13 per cent.

The vigour of the share price movement and the market's apparently exaggerated expectations are a slight puzzle. The modest improvement on the fourth quarter of 1984 owed little, if anything, to currency movements, since the effect on end-period debtors of a strong pound brought off the benefit to export margins and translated earnings of a lower average sterling rate. ICI was helped by firmer

chemical prices only in the UK, and an 8 per cent increase in European volumes was counterbalanced by a pronounced seasonal downturn in North America.

None of this is much of a surprise. ICI will not this year see either the volume growth or rationalisation benefits which lifted its commodity businesses out of recession in 1983 and 1984, but, even in a flat or declining market, those operations should generate cash to fund the growth in pharmaceuticals and specialty chemicals. The foreign exchange market is admittedly a worry, and there is bound to be concern about how strongly ICI will pull out of the seasonally depressed third quarter.

But, in terms of the investment rating, it should not make too much difference whether ICI makes £1.05bn or £1.15bn pre-tax this year. There is ample cover for a dividend increase in either event, and, on a prospective yield of about 6.5 per cent, the shares may be discounting too much in the way of problems.

## Wimpey

Wimpey has been keeping the market waiting for a respectable set of profits for so long that a year or two more may scarcely matter. There was certainly nothing to cheer about in yesterday's 1984 results, which showed a 15 per cent fall in pre-tax profits to £38m on the back of a broadly maintained sales volume. And, to judge from the tone of the chairman's statement, the current year may see nothing more than a recovery to the levels of 1983.

Yet, to judge from yesterday's 9p gain in the share price to 110p, Wimpey may finally be persuading the market that it is serious about mending its ways. It appears to be taking the right corrective action, focusing more clearly on the performance of individual business, tightening its contracting procedures and reducing the debt burden by disposing of low-yielding properties.

Since at the moment it achieves a return of only 3 per cent on sales and 8 per cent on capital, it is reasonable to assume that almost any change must be for the good. The problem is that, while the company defends its audience with the strategic message, it is still not prepared to vouchsafe segmental profit information from which a reasoned conclusion can be drawn. It may be that by 1986 Wimpey will indeed be a new company, but, with the shares still trading at a discount of more than a third to net worth, not everyone is convinced.

## Warning of new loan write-offs at Crocker

By David Lascelles in London

MIDLAND BANK warned last night that Crocker National Bank, its problem-plagued California subsidiary, might have to write off more bad loans this year.

Midland says it is too soon to say what Crocker's results will be this year. But it does expect "that earnings will remain depressed so long as Crocker's portfolio of non-performing assets remains at current levels."

The circular to shareholders says: "Given the uncertain economic environment in which many of Crocker's customers operate both in the U.S. and overseas, there is the possibility of additional write-offs and loan loss provisions."

Crocker made a loss of \$10m in 1983 and a further loss of \$324m last year because of problem loans to farmers and residential developers. In the first quarter of this year, it made a profit of \$5m after providing another \$25m for loan losses.

The circular says approval from Midland shareholders of its plan, announced last year, to buy the 43 per cent of Crocker which it does not own. Sir Donald Barron, chairman, says in a covering letter that "as long as minority interests are outstanding, it will not be possible to achieve the necessary degree of control and integration of Crocker's activities within the Midland Group."

The circular says that Midland is confident that Crocker will, under full ownership, "make a satisfactory contribution to Midland Group profits." It also talks of the "significant operational and commercial advantages" to Midland and Crocker of integrating common activities and consolidating their strategic objectives.

Midland eventually will integrate some of the two banks' international, merchant banking and capital markets activities and parts of other Crocker wholesale operations, although they should not affect Crocker's ability to deliver a full range of financial services, Midland says.

Management is studying ways of achieving the integration, which will leave some of the combined operations in Crocker and some in Midland. The main aim of the changes will be to improve Crocker's strength and profitability and raise the effectiveness of the Midland group as a whole.

Midland also hopes to achieve cost savings and may alter the composition of some board committees to reflect its greater control.

Midland is financing the acquisition of the Crocker minority by issuing up to \$247m of Crocker cumulative adjustable rate preferred stock.

## Warsaw Pact nations to renew alliance for another 20 years

By Christopher Bobinski in Warsaw and David Buchan in London

LEADERS of the seven Warsaw Pact countries, including Mr Mikhail Gorbachev, on his first foreign trip since becoming Soviet party leader, gathered yesterday in the Polish capital for ceremonies to renew the Eastern bloc's military alliance which expires next month.

Today they are expected to extend the Warsaw treaty for a further 20 years, until the year 2005, with an option to renew it then for a further 10 years. This is a precise repeat of the formula that the Soviet Union and its six smaller allies - Poland, Czechoslovakia, Hungary, East Germany, Romania and Bulgaria - agreed on when they set up the Warsaw Pact in 1955.

No change is to be made in the terms of the treaty, which is likely to be renewed at the same venue, the old Radziwill Palace in Warsaw, where it was first signed. But for security reasons connected with Mr

Gorbachev's arrival the Polish authorities have given no advance details of the signing ceremonies.

President Gustav Husak of Czechoslovakia and President Nicolae Ceausescu of Romania were the first to arrive yesterday at the head of teams which included their respective premiers, foreign and defence ministers. General Wojciech Jaruzelski, the Polish party and government leader, was at the airport to meet the visitors as they flew in at half-hourly intervals.

The general, in an uncharacteristic touch all the more surprising because of the military nature of the occasion, was not in uniform, reflecting the fact that his allies still feel uncomfortable faced with a soldier at the head of a Communist party.

The Polish press yesterday reminded its readers that such summits in the past had been accom-

panied by peace proposals of one kind or another and hinted that the present occasion would also provide "new impulses" in this direction.

The Soviet Union has already made public the thrust of its main proposals at the Geneva disarmament negotiations with the U.S. But the Warsaw Pact has at many of its past summits declared its willingness to dissolve itself if NATO would simultaneously do the same, and this offer may be repeated this week.

Romania, the maverick alliance member which has taken itself out of the pact's integrated military structure, initially sought a shorter renewal of the treaty, for only five years. Later it accepted the same extension as the other pact allies, provided the proposal for mutual dissolution of the two military blocs was stressed again.

## Veterans meet again at the Elbe

By Leslie Collett in Torgau

IN A MESSAGE to American and Soviet veterans gathered in Torgau for the 40th anniversary of their arrival back-up at the Elbe river, Mikhail Gorbachev, the Soviet leader, said co-operation between the wartime allies could become a powerful factor for improving the international climate.

American and British officials, however, boycotted the reunion in protest over last month's shooting by a Soviet guard of a U.S. army major in East Germany.

The meeting in Torgau of hundreds of American, British, Soviet and French ex-servicemen and thousands of Torgauers began with wreath-laying ceremonies at the Soviet war memorial, followed by the playing of the Soviet, U.S. and East German anthems.

A Soviet veteran, Mr Alexander Gordiyev, recalled that his country-

men and the Americans had sworn an oath at the time that they would promote friendship between their peoples so that there would "never again be a war."

Mr William Beswick, an American veteran, was the only speaker to note that they were also remembering the German soldiers who had died in the war. Another elderly American drew applause when he read out messages of greetings to the Torgau meeting from former presidents Richard Nixon and Jimmy Carter.

Murmurs went through the crowd when the founder of the West German Greens party, Frau Petra Kelly, placed a wreath at the Torgau monument carrying the words "Swords into Ploughshares." An emblem with these words was banned in East Germany for several years.

Dr William Robertson of Culver City, California, who was a lieutenant in the U.S. 69th infantry division, recalled that the link-up took place after he raised the American flag over an apothecary's shop in Torgau. He crossed the Elbe and was hugged by Captain Alexander Silavshko of the Soviet army's 58th guards division.

The official Soviet and American accounts note that the actual first meeting of the two armies took place at the nearby village of Clanschwitz, but Torgau became the scene of a rollicking banquet the next day hosted by the Red Army.

The American and British veterans are to travel on to the Soviet Union where they will take part in anniversary celebrations in Leningrad, Volgograd (formerly Stalingrad) and Moscow.

## Procter to give up logo

Continued from Page 1

reached a peak generating 15,000 calls a month to the company's consumer services department, Procter went on the offensive.

It denounced them as "malicious and totally false," enlisted the support of church leaders including the Rev Jerry Falwell, leader of the Moral Majority, hired two detective agencies to trace the perpetrators, filed six suits against people for spreading the rumours and last week set up a toll-free telephone number to handle anxious customer inquiries.

Nevertheless the rumours continued.

## Central bank signals cut in French interest rates

By Paul Betts in Paris

THE BANQUE de France reduced its intervention rate yesterday in a move signalling a further easing in interest rates.

The central bank cut its intervention rate - the rate at which it buys government and first class commercial paper from the banking system - by ¼ point to 10½ per cent. The intervention rate had fallen from 12 per cent in May last year to 10½ per cent at the beginning of this year.

The latest cut is expected to be followed by a new round of cuts in the base lending rates of French commercial banks. Base lending rates were last reduced by ½ point to 11½ per cent in January.

M. Pierre Berégovoy, Finance Minister, has been pressing for lower interest rates to help stimulate investment and business activity at

a time when the franc continues to perform in a stable fashion against other European Monetary System currencies.

But in his annual report to President Francois Mitterrand, M Michel Camdessus, the governor of the Banque de France, warned that, although inflation was receding and the franc had been performing adequately, it was still vital for France to eliminate the 1.9 per cent inflation differential with its major trading partners.

Apart from the inflation differential, M Camdessus urged for further efforts to strengthen the country's balance of payments, combat unemployment and tackle the problems of France's traditional industries.

## Markets, Section III

### French growth of 1% forecast

Continued from Page 1

In purely French terms, however, M Laurent Fabius, the Prime Minister, believes that a pre-electoral boost to growth would now do the Socialists more harm than good. It would damage their claims of prudent long-term management of the economy and be likely to result in pressure on the franc.

None the less, M Fabius will be under pressure from his own party to relax a bit in the 1988 budget, which has to be put before the Na-

tional Assembly by the end of September. The provisional budget guidelines provide for continuing expenditure cuts to make room for a small reduction in taxation and to hold down the budget deficit.

The Insee forecasts continue to show a stagnant picture for productive investment in the economy. Fixed capital investment is expected to decline by 0.5 per cent in real terms this year after a 2.9 per cent decline in 1984.

World Weather										
City	Temp	Wind	Cloud	City	Temp	Wind	Cloud	City	Temp	
London	12	10	Partly	Madrid	12	10	Partly	Salzburg	12	10
Paris	11	10	Partly	Rome	12	10	Partly	St. Gallen	12	10
Brussels	10	10	Partly	Munich	12	10	Partly	Winterthur	12	10
Amsterdam	10	10	Partly	Vienna	12	10	Partly	Lucerne	12	10
Frankfurt	10	10	Partly	Berlin	12	10	Partly	Basel	12	10
Berlin	10	10	Partly	Munich	12	10	Partly	Geneva	12	10
Munich	10	10	Partly	Vienna	12	10	Partly	Lausanne	12	10
Vienna	10	10	Partly	Berlin	12	10	Partly	Montreux	12	10
Zurich	10	10	Partly	Munich	12	10	Partly	Yverdon	12	10
Geneva	10	10	Partly	Vienna	12	10	Partly	Nyon	12	10
Basel	10	10	Partly	Berlin	12	10	Partly	Vevey	12	10
Stuttgart	10	10	Partly	Munich	12	10	Partly	Cham	12	10
Düsseldorf	10	10	Partly	Vienna	12	10	Partly	Stans	12	10
Cologne	10	10	Partly	Berlin	12	10	Partly	Thun	12	10
Dortmund	10	10	Partly	Munich	12	10	Partly	Interlaken	12	10
Essen	10	10	Partly	Vienna	12	10	Partly	Grindelwald	12	10
Duisburg	10	10	Partly	Berlin	12	10	Partly	Wengen	12	10
Münster	10	10	Partly	Munich	12	10	Partly	Alpbach	12	10
Bielefeld	10	10	Partly	Vienna	12	10	Partly	Flims	12	10
Osnabrück	10	10	Partly	Berlin	12	10	Partly	Corvatsch	12	10
Wuppertal	10	10	Partly	Munich	12	10	Partly	Engadina	12	10
Siegen	10	10	Partly	Vienna	12	10	Partly	Valais	12	10
Kassel	10	10	Partly	Berlin	12	10	Partly	Val d'Aoste	12	10
Karlsruhe	10	10	Partly	Munich	12	10	Partly	Val d'Arenza	12	10
Heidelberg	10	10	Partly	Vienna	12	10	Partly	Val d'Ayas	12	10
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Salzburg	10	10	Partly	Munich	12	10	Partly	Val d'Ayas	12	10
St. Gallen	10	10	Partly	Vienna	12	10	Partly	Val d'Ayas	12	10
Winterthur	10	10	Partly	Berlin	12	10	Partly	Val d'Ayas	12	10
Lucerne	10	10	Partly	Munich	12	10	Partly	Val d'Ayas	12	10
Basel	10	10	Partly	Vienna	12	10	Partly	Val d'Ayas	12	10
Geneva	10	10	Partly	Berlin	12	10	Partly	Val d'Ayas	12	10
Lausanne	10	10	Partly	Munich	12	10	Partly	Val d'Ayas	12	10
Montreux	10	10	Partly	Vienna	12	10	Partly	Val d'Ayas	12	10
Yverdon	10	10	Partly	Berlin	12	10	Partly	Val d'Ayas	12	10
Nyon	10	10	Partly	Munich	12	10	Partly	Val d'Ayas	12	10
Vevey	10	10	Partly	Vienna	12	10	Partly	Val d'Ayas	12	10
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Stans	10	10	Partly	Munich	12	10	Partly	Val d'Ayas	12	10
Thun	10	10	Partly	Vienna	12	10	Partly	Val d'Ayas	12	10
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Friday April 26 1985

March Concrete Products Limited  
Estover Road, March, Cambs PE15 5SS  
Tel 0534 52661March  
Concrete Pipes

## Chrysler gathers pace as market share rises

BY TERRY DODSWORTH IN NEW YORK

THE REHABILITATION of Chrysler, the third largest U.S. car company, was underscored yesterday in first-quarter figures showing a big jump in its U.S. market share, a 10.3 per cent increase in sales and a continuing rise in its underlying profits performance.

For comparison purposes, the figures were distorted last year by use of tax loss carryforwards resulting from its financial crisis in 1984-85. Because of the tax credits last year, net income in the first quarter of this year fell by 28 per cent from \$705.8m, or \$5.54 a share, to \$507.8m, or \$4.18 a share.

The year-ago quarter, however, included an extraordinary gain of \$311.4m, or \$2.56 a share from the tax credits, leaving the group's underlying net income 30.7 per cent below this year's total at \$388.4m, or \$3.08 a share. Chrysler started paying taxes again in the fourth quarter of last year, and in the first quarter of 1985 incurred a tax bill of \$127.5m.

Chrysler added that its retail sales in the U.S. including cars it imports from Mitsubishi, its Japanese affiliate, amounted to 324,500

units, up 26 per cent from 1984, and the equivalent of 12.4 per cent of the market against 10.2 per cent. Both Chrysler and Ford have gained market share over the last six months, against General Motors, while during the last year the Japanese lost out to the U.S. companies because of the recently abandoned quota system.

Worldwide factory vehicle sales were also up, reaching 547,000 units in the quarter, an increase of almost 6 per cent on a year ago. Driven by the strength of the recently introduced LeBaron and Dodge Lancer models, the group's total share of the U.S. and Canadian car and truck market advanced to 13.3 per cent.

U.S. truck sales were particularly buoyant, leaping by 27 per cent to 180,800, and achieving a 13.7 per cent share of the market against 12 per cent in the same period of 1984.

Shareholders of American Motors, the U.S. vehicle group, in which Renault of France has a 48 per cent stake, have approved the company's financing plan for its new \$675m assembly plant at Brampton, Ontario, for which the

French group pledged partial backing.

AMC, which returned to the red in the first quarter after making a profit last year, had said the financing plan was vital for the project, at which the company's new mid-sized car, based on a French model, will be built for introduction in late 1987.

The financing plan involves financial backing by Renault of up to \$150m (US\$110m) for the plant, and a new preferred stock and warrant agreement with the nationalised French concern.

Last week AMC said it planned cuts of about 25 per cent in its costs to improve long-term profitability. At the company's annual meeting in Dearborn, Michigan, on Wednesday, Mr Jose Dederingwaerder, president, denied there were any plans or that the company had been approached to sell its deep manufacturing plant at Toledo, Ohio.

Meanwhile Mr Paul Tippett, who relinquished his position as chief executive officer last September, said he will no longer be a full-time company employee from the end of this month.

## Storer agrees to leveraged buyout

By Paul Taylor in New York

STORER Communications, the U.S. cable television group which has been fighting a takeover battle with a group of dissident shareholders for months, said yesterday that it had agreed to a leveraged buyout proposal led by Kohlberg Kravis Roberts (KKR), the New York investment group.

The Miami-based group said it had accepted in principle a deal under which Storer would be merged with a new company formed by KKR. Under the terms of the deal, Storer shareholders would receive \$75 in cash together with \$25 in preference stock and warrants to purchase common stock in the new company for each outstanding Storer common share.

Earlier this week, Storer rejected a similar cash and paper bid from KKR valued at \$1.6bn, proposing instead a recapitalisation plan involving the repurchase of 6m or slightly more than a third of its shares for cash and debt securities worth \$100 a share.

The latest move appears to be an attempt to end a threatened proxy fight with a group of dissident shareholders led by Conison Partners, which had vowed to take control of the company.

Last year the group, which operates an extensive network of cable TV systems across the nation, reported a \$16.7m loss on revenues of \$536.8m compared with a \$34.7m loss on revenues of \$458.9m in 1983.

In March the company said it was no longer up for sale and planned to remain an independent unit with the support of the Searle family. At the time the company announced a near doubling of its quarterly dividend to 25 cents per share. Although this helped improve the income the family received from the holding, it was still far short of the returns that could be earned on other types of investments.

The company said that the share repurchase and other agreements with the selling trust and family members are expected to have a positive impact on earnings per share.

Toyko Soda of Japan confirmed yesterday that it is to launch a joint venture with DSM, the Dutch state chemicals group, to produce aspartame, our financial staff writes.

The start of production, at a site yet to be decided, is planned for 1987 when Searle's non U.S. patent is due to expire.

## Mixed fortunes for U.S. oil groups in quarter

BY WILLIAM HALL IN NEW YORK

STANDARD OIL Company of Ohio, British Petroleum's majority owned U.S. subsidiary, yesterday reported a 10 per cent drop in first quarter net income to \$434m while Pennzoil a Houston-based oil company announced a 27 per cent drop in its earnings to \$57.4m.

Occidental Petroleum, the Los Angeles oil company headed by the 86-year old Dr Armand Hammer, said that its first quarter net income rose \$9.1m after including a \$32.5m extraordinary gain on tax loss carryforwards.

The decline in its oil and gas earnings in the first quarter was due primarily to lower crude oil prices in Occidental's domestic and overseas markets and natural gas liquids prices in the U.S.

Occidental said that its oil and gas earnings totalled \$172.4m in the first three months of 1985. This included after tax gains of about \$88.5m from the sale of its interests in natural gas and condensate production in the Dutch sector of the North Sea and the Lashup field in California.

Dr Hammer said that Occidental was continuing its upward trend in

earnings and particularly earnings per share. He singled out the group's Colombian oil finds for special mention. Occidental earned 45 cents per share in the first quarter compared with 36 cents last year.

Standard Oil Company of Ohio earned \$146 a share in the latest three months compared with \$134 a share last year.

A sharp reverse in overseas refining and marketing operations plus sharply higher financing costs of Mobil Corporation, the second biggest U.S. oil company, were the primary reasons for the 18 per cent drop in first quarter net income to \$20m.

Shell Oil, the U.S. affiliate of the Royal Dutch/Shell group, and the Pennsylvania-based Sun Company, also reported lower earnings. Shell Oil's net income fell 9 per cent to \$298m and Sun's net income fell 11 per cent to \$127m.

Mr Rawleigh Warner, Mobil's chairman, said higher production of crude oil and natural gas, as well as increased product sales, generated higher worldwide petroleum earnings. The gain was achieved despite

lower crude oil prices and, during most of the quarter, competitive pressures in key downstream markets and adverse currency movements.

Mobil's financing costs rose \$0.1m to \$179m mainly as a result of the financing costs associated with the acquisition of Superior Oil. Mobil earned 78 cents per share in the latest three months compared with 93 cents per share a year ago.

Mr John Bookout, president of Shell Oil, said that the latest earnings were below target, but several factors point to a possible improvement in earnings over the rest of the year.

The strengthening in oil markets that began in the first quarter is relieving the downward pressure on crude oil and products prices. Despite these encouraging trends, Shell Oil said that the depressed first quarter earnings will make it difficult to exceed 1984's record earnings. Mobil Oil also said that conditions improved significantly in March when prices and currency movements began to give way to improving trends.

## Minstar launches offer for AMF

By Our New York Staff

MINSTAR, the Minneapolis-based investment group run by Mr Irwin Jacobs, yesterday announced its expected takeover bid for AMF, the leisure, industrial and energy conglomerate.

Mr Jacobs, who has made a fortune out of his opportunistic bidding, is offering \$23 a share in cash for 12m of AMF's 28.2m shares, valuing the whole company at \$603m. Minstar already owns or has the right to acquire another 1.88m of AMF's stock, giving it just over 50 per cent of the equity if the offer is accepted.

There was no immediate response from AMF yesterday, but last week Mr Thomas York, AMF's chairman, said he had no interest in discussing transactions with Mr Jacobs. He added that his company would not pay greenmail - the practice of buying out a hostile shareholder at a premium.

Mr Jacobs' bid follows a steady strengthening in AMF's share price, which closed on Wednesday just under its 12 month high at \$204 a share.

AMF's profits peaked in 1980, when it achieved net earnings of \$58m, or \$2.58 a share on sales of just over \$1bn. It suffered heavily in the 1982 recession, however, when profits plunged in its leisure operations, and it was forced to divest its Harley-Davidson motorcycles, its Head Sportswear interests and its lawn and garden business. Its off-licence services products have also been under pressure from the slump in energy prices.

After running up a loss of \$1.5m in 1983, the group last year declared net income of \$14.9m, or 45 cents a share, on sales of \$1.1bn.

## Alexander & Alexander lifts result

By Our Financial Staff

ALEXANDER & ALEXANDER Services, holding company for the second largest U.S. insurance broker, boosted first-quarter net income by 24 per cent from \$8.6m or 33 cents a share a year earlier to \$10.7m or 38 cents.

The results represent an improvement on operating earnings of \$7.2m in the fourth quarter of 1984, when the decision to dispose of A&A's underwriting companies produced a \$87.5m final net loss. For all 1984, the company posted a net loss of \$49.6m.

Operating revenues in the latest quarter were \$148.7m, up from \$135.5m in the 1984 quarter. Figures for 1984 are restated to reflect the discontinuation of the underwriting business.

Mr John Bogardus, chairman and chief executive, said the company was pleased to report on the improvements being registered by broking operations.

## G. D. Searle buys back \$388m stake

BY OUR NEW YORK STAFF

G. D. SEARLE, the U.S. pharmaceutical group which has been growing rapidly because of the phenomenal success of its Nutra Sweet artificial sweetener, is spending \$388m to buy back nearly half the shares owned by the Searle family, descendants of the company's founder.

G. D. Searle has purchased 7.5m shares from certain Searle family trusts at \$51.78 per share, which was equal to the stock's closing price on the New York Stock Exchange on Wednesday. Before the deal, the company had 49.8m shares outstanding, of which 18.3m were owned by the family trusts.

It has been known for some time that the Searle family has been considering diversifying its stake, which in the past year had a peak market value of \$1.1bn yet was only providing \$9.5m a year in dividend income. Last September the family asked the company to look at ways its holdings could be diversified, including selling the company.

In March the company said it was no longer up for sale and planned to remain an independent unit with the support of the Searle family. At the time the company announced a near doubling of its quarterly dividend to 25 cents per share. Although this helped improve the income the family received from the holding, it was still far short of the returns that could be earned on other types of investments.

The company said that the share repurchase and other agreements with the selling trust and family members are expected to have a positive impact on earnings per share.

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## Pickens set to tender interest in Unocal

BY OUR NEW YORK STAFF

MR T. BOONE Pickens, the Texas oilman leading the fight for control of Unocal, the U.S. West Coast oil company, reiterated his intention to win control of Unocal yesterday but said that as a precautionary move he intended to tender his 23.7m shares under Unocal's \$3.6m equity for debt swap.

The latest move comes against mounting pressure on Unocal to postpone next Monday's key annual meeting. Mr Pickens who is waging a \$4 a share hostile bid for majority control of the beleaguered oil company, said yesterday that his investment group would tender its shares under Unocal's plan to exchange offer under which it is buying back close to a third of its shares for \$72 per share in debt securities.

Mr Pickens is trying to stop the amended exchange offer from going ahead but said that if the offer

was not enjoined before next Monday's annual meeting of Unocal shareholders he would tender his shares to protect his investment.

Unocal has said that it will refuse to buy back Mr Pickens's shares under its exchange offer. Mr Pickens has described this move as illegal and says that if the exchange offer is not abandoned it will seek to have Unocal purchase its shares on an equal basis with other Unocal shareholders.

If the shares of Mr Pickens's Mesa group are exchanged under the Unocal offer, the Mesa group intends to make adjustments in the price and other conditions of its existing cash tender offer in order to reflect the changed circumstances. Mr Pickens says he is firmly committed to acquiring Unocal regardless of whether the Unocal exchange offer is enjoined or not.

## Consolidated Bathurst to invest £24m

By Robert Gibbons in Montreal

CONSOLIDATED-Bathurst will install a second waste-paper deinking pulping mill at Bridgegate, the north-west of England at a cost of £24m (\$38.2m).

Another £16m (US\$11.7m) will be invested at its Bathurst, Canada pulp mill to reduce sales to Bridgegate and increase volume sold in North America at much higher prices.

In this way, the company believes Bridgegate will be profitable by 1987. Last year the mill had start-up costs of £312m plus an operating loss of £27m. This year losses are continuing, but at a reduced rate in March with a strengthening in the pound and a 7 per cent increase in UK newspaper prices.

Consolidated-Bathurst, controlled by Power Corporation of Canada, earned £19.2m or 37 cents a share in the first quarter against the £312.1m or 21 cents a share earlier on sales of £411m against £389m.

## Telecom side spurs advance at Bell Canada

By Robert Gibbons in Montreal

BELL Canada Enterprises, holding company for the Bell Canada telephone utility and about 80 non-telecommunications businesses, had another major gain in sales and earnings in the first quarter, reflecting improved results from telecommunications operations.

Net profits rose 26 per cent from \$202.8m (US\$149m) or 88 cents a share to \$255.4m or \$1.04. Revenues rose from \$2.36bn to \$2.99bn.

The Bell Canada division, which reported first quarter profits of \$171m, up from \$144.9m a year earlier, contributed 70 cents a share to consolidated earnings compared with 63 cents.

The 47 per cent jump to \$283.7m in first-quarter profit at Northern Telecom, the telecommunications equipment manufacturer in which BCE has a 32 per cent stake, contributed 17 cents a share against 14 cents last time.

## Electrobel earnings up

BRUSSELS - The Electrobel, Belgium electrical holding company, said net profit for 1984 rose 29 per cent to BFr 2bn (\$32.1m) from BFr 1.55bn a year earlier.

The company is proposing to raise its dividend to BFr 550 per ordinary share from BFr 495 per share in 1983. Electrobel also is proposing a net payment of BFr 270 per share for common stock created by a conversion of bonds, and net payments of BFr 895.54 per share and BFr 867.78 per share respectively on two issues of AFV stock. AFV

stock refers to capital issued by Belgian companies under a special tax program.

Electrobel said the earnings increase was caused mainly by a rise in dividend income from its holdings in utility companies, particularly Intercom. The value of Electrobel's investment portfolio in 1984 was BFr 13.36bn.

Société Générale de Belgique, Belgium's largest holding company, has a stake of about 11 per cent in Electrobel.

New Issues April 25, 1985

## Federal Farm Credit Banks Consolidated Systemwide Bonds

8.45% \$1,221,000,000  
CUSIP NO. 313311 MW 9 DUE NOVEMBER 1, 1985

8.70% \$500,000,000  
CUSIP NO. 313311 NB 4 DUE FEBRUARY 3, 1986  
Interest on the above issues payable at maturity

Dated May 1, 1985 Price 100%

The Bonds are the joint and several obligations of The Thirty-seven Federal Farm Credit Banks and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not Government obligations and are not guaranteed by the Government.

Bonds are Available in Book-Entry Form Only.

## Federal Farm Credit Banks Funding Corporation

90 William Street, New York, N.Y. 10038

Peter J. Carney  
President

This announcement appears as a matter of record only.



## Akzo nv Arnhem Holland

The Board of Management of Akzo N.V. announces that the General Meeting of Stockholders, held on April 25, 1985 at Arnhem, has decided to distribute for the financial year 1984 a dividend of NLG 5,- per ordinary share of NLG 20,- made payable on November 21, 1984. The final dividend amounts therefore to NLG 4.50 per ordinary share of NLG 20,-. As from May 14, 1985 the above-mentioned dividend of NLG 4.50 per ordinary share, less 25% withholding tax, will be payable against surrender of coupon no. 23.

Paying agents in the United Kingdom:  
Barclays Bank PLC  
Securities Services Department  
54, Lombard Street  
London EC3P 3AH  
and  
Midland Bank PLC  
International Division  
Securities Services Department  
110-114 Cannon Street  
London EC4N 6AA  
A complete list of paying offices can be found in the Official Daily List of April 25, 1985 of the Amsterdam Stock Exchange.

U.K. Residents.  
Dividends so payable to U.K. residents will be paid less 15% withholding tax and U.K. income tax will be deducted from the gross dividend.

Residents of other countries.  
For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 92, etc.). Where no such form is submitted withholding tax at the rate of 25% will be deducted. United Kingdom tax at standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms.

Arnhem, April 26, 1985



This advertisement has been published by Morgan Grenfell & Co. Limited on behalf of Stichting Administratiekantoor van aandelen Koninklijke Wessanen N.V.



## WESSANEN

### Bearer Depositary Receipts for shares Koninklijke Wessanen N.V.

Further to the announcement made today by the Board of Managing Directors of Koninklijke Wessanen N.V., the undersigned states that payment of the final dividend of Dfl. 4.50 per Dfl. 20 share of Koninklijke Wessanen N.V. on the Bearer Depositary Receipts ("BDRs") issued by the undersigned will be made as from 8th May 1985 as follows:

A cash dividend of Dfl. 0.40 per Dfl. 20 share, less dividend tax at 25%, will be payable upon the surrender of dividend coupon No. 27 at the rate of:

Dfl. 0.30 per BDR for 1 share  
Dfl. 1.50 per BDR for 5 shares  
Dfl. 15.00 per BDR for 50 shares  
Dfl. 150.00 per BDR for 500 shares

The dividend of Dfl. 4.20 per Dfl. 20 share in cash or Dfl. 0.60 in shares chargeable to the share premium account will be payable upon the surrender of dividend coupon No. 28.

If holders of BDRs with the undersigned to opt for the dividend of Dfl. 4.20 in cash, payment, less dividend tax at 25%, will be made upon the surrender of dividend coupon No. 28 at the rate of:

Dfl. 3.15 per BDR for 1 share  
Dfl. 15.75 per BDR for 5 shares  
Dfl. 157.50 per BDR for 50 shares  
Dfl. 1,575.00 per BDR for 500 shares

In so far as holders of BDRs with the undersigned to opt for the dividend of Dfl. 0.60 in shares chargeable to the share premium account, the surrender of dividend coupons bearing the number 28 and relating to 100 Ordinary shares will entitle the holder to receive three new BDRs for one share bearing dividend coupons numbered from 29 onwards and a talon.

If any dividend coupons bearing the number 28 are not tendered for conversion into BDRs by 7th November 1985, the BDRs to which they relate will be sold and the net proceeds of the sale distributed among the holders of these BDRs in proportion to their holding.

Commission in accordance with the scales laid down will be paid to members of the Amsterdam Stock Exchange Association in connection with the conversion of dividend coupons bearing the number 28 into new BDRs: this implies that holders will not incur commission charges upon conversion. Dividend coupons bearing the number 28 and, pertaining to BDRs may be tendered for payment or conversion at the following addresses:

Amsterdam-Rotterdam Bank N.V., Herengracht 597, Amsterdam  
Amsterdam-Rotterdam Bank N.V., Westzijde 15, Zaandam  
Pierson, Helderling & Pierson N.V., Amsterdam  
Algemene Bank Nederland N.V., Amsterdam  
Bank Mees & Hope N.V., Amsterdam  
Nederlandsche Middenstandsbank nv, Amsterdam

Dividend coupons must bear the stamp of the office through which they are tendered. The dividend pertaining to BDRs of the CF type will be paid via the body by whom the dividend sheet was held on 25th April 1985 in accordance with the conditions of administration.

\*holders of BDRs who are resident in the United Kingdom for tax purposes should consult their tax advisers as to the procedure for obtaining relief from the full rate of dividend tax.

Amsterdam 26th April 1985

Stichting Administratiekantoor van aandelen Koninklijke Wessanen N.V.

## INTERNATIONAL COMPANIES AND FINANCE

## N. AMERICAN QUARTERLY RESULTS

A. H. ROBBINS Drugs, consumer products			
First quarter	1985	1984	
Revenue	184.5m	184.5m	
Op. net profit	21.5m	15.3m	
Op. net per share	0.57	0.53	
COOPER INDUSTRIES Compression, drilling eqpt.			
First quarter	1985	1984	
Revenue	482.5m	464.5m	
Net profit	17.5m	15.3m	
Net per share	0.52	0.50	
DANA Vehicle parts			
First quarter	1985	1984	
Revenue	953m	977m	
Net profit	42.8m	46.2m	
Net per share	0.57	0.55	
HOLIDAY INNS Hotels			
First quarter	1985	1984	
Revenue	428.3m	406.5m	
Net profit	33.7m	30.2m	
Net per share	1.08	0.99	
LOTUS DEVELOPMENT Computer software			
First quarter	1985	1984	
Revenue	44.7m	25.3m	
Net profit	8.6m	7.5m	
Net per share	0.58	0.47	
OLIN CORPORATION Chemicals, metals, paper			
First quarter	1985	1984	
Revenue	540.2m	528.5m	
Net profit	15.8m	27.2m	
Net per share	0.58	1.14	
PENN CENTRAL Electronics, telecom equipment			
First quarter	1985	1984	
Revenue	676.5m	651.2m	
Net profit	44.7m	38.9m	
Net per share	1.12	0.76	
PRIME COMPUTER Small and medium computers			
First quarter	1985	1984	
Revenue	175.8m	145.8m	
Net profit	12.8m	10.2m	
Net per share	0.25	0.21	
RALSTON PURINA Restaurants, pet foods			
Second quarter	1985	1984	
Revenue	1.46m	1.35m	
Net profit	57.6m	67.1m	
Net per share	0.73	0.73	
REVLON Cosmetics, health care			
First quarter	1985	1984	
Revenue	591.2m	594m	
Net profit	35.1m	34.2m	
Net per share	0.73	0.68	
ROYAL TRUSTCO Trust			
First quarter	1985	1984	
Revenue	65.8m	57.2m	
Net profit	45.6m	35.5m	
Net per share	0.42	0.41	
SAFARI STORES Supermarkets			
First quarter	1985	1984	
Revenue	4.8m	4.4m	
Net profit	25.7m	22m	
Net per share	0.43	0.37	
SCHERING-PLOUGH Pharmaceuticals			
First quarter	1985	1984	
Revenue	487.1m	486.5m	
Net profit	54.1m	53.3m	
Net per share	1.07	1.05	
SEA-LAND Shipping			
First quarter	1985	1984	
Revenue	394.7m	418.7m	
Net profit	4.6m	13.4m	
Net per share	0.19	0.50	
SOCAL EDISON Utility			
First quarter	1985	1984	
Revenue	1.22m	1.08m	
Net profit	201.8m	183.6m	
Net per share	0.88	0.84	
STERLING DRUG Pharmaceuticals			
First quarter	1985	1984	
Revenue	415.7m	445.5m	
Net profit	31.9m	32.2m	
Net per share	0.83	0.89	
TRANSAMERICA Insurance, financial services			
First quarter	1985	1984	
Revenue	1.2m	1.2m	
Net profit	40.2m	61.7m	
Net per share	0.63	0.96	
TRANS WORLD CORPORATION Food services, hotels			
First quarter	1985	1984	
Revenue	478.5m	463.8m	
Net profit	16.2m	18.3m	
Net per share	0.40	0.47	
TARDY CORPORATION Electronic products			
Third quarter	1985	1984	
Revenue	684.2m	683.2m	
Op. net profit	21.2m	22.6m	
Op. net per share	1.25	0.96	
TIME INC. Publishing, broadcasting, cable TV			
First quarter	1985	1984	
Revenue	747.4m	683.5m	
Net profit	44.8m	43.5m	
Net per share	0.70	0.67	
U.S. HOME Household			
First quarter	1985	1984	
Revenue	214.2m	278.5m	
Net profit	13.2m	13.2m	
Net per share	10.10	10.08	
WANG LABORATORIES Word processors, computers			
Third quarter	1985	1984	
Revenue	552.7m	563.5m	
Op. net profit	17.0m	49.3m	
Op. net per share	0.12	0.36	
WILLIS TOWERS WATSON Like months			
First quarter	1985	1984	
Revenue	1.72m	1.70m	
Net profit	124.4m	136.4m	
Net per share	0.88	0.90	

## Usinor hit by heavy provisions

By David Housego in Paris

USINOR, the nationalised French steel group, ran up parent company losses of FF4.76bn (\$799m) for 1984 bringing the total losses for the state-owned steel sector last year to FF15.7bn.

As with Sacilor, the other nationalised steel group, Usinor's losses were inflated by heavy exceptional provisions due to rationalisation plans and cuts in the workforce. Provisions rose from FF3.6bn in 1983 to FF4.3bn last year.

These losses coupled with the announcement this week that Renault had lost FF2.55bn, means that the total deficit for the nationalised sector in 1984 came to FF6.85bn, compared with FF1.8bn in 1983. The Government stresses, however, that outside steel and Renault, the state-owned sector last year returned to profit.

At the operating level Usinor's losses were cut by 38 per cent to FF3.4m. This reflected above all the sharp improvement in the flat products division where Usinor benefits from modernised steel mills.

Parent company turnover rose by 9 per cent to FF2.6bn. On a consolidated basis, for which only partial statistics are still available, turnover rose by 19 per cent to FF3.7bn.

The year's exceptional provisions include the cost of the cut in the workforce between now and 1987. They also include accelerated depreciation for the loss-making engineering steels and long products divisions.

The partial consolidated results show a wide divergence between the operating results of the different divisions.

## Special gains boost Akzo first quarter earnings

BY OUR FINANCIAL STAFF

AKZO, the Dutch chemicals, pharmaceuticals and fibres group, reports good profits progress for the first quarter of 1985.

Sales improved by 12 per cent to FF1.47bn (\$1.3bn) and net profits rose to FF1.25bn from FF1.19bn in the first quarter of 1984. Per share profits are FF1.65, against FF1.50.

Akzo stresses, however, that actual volume sales rose by just 1 per cent in the three months, while before extraordinary gains (against losses a year ago) the net profit was little changed at FF1.22bn, against FF1.23bn.

The group made a best-ever net profit of FF1.75bn for 1984 as a whole, and increased its dividend by 50 per cent to FF1.6

a share. Last month it forecast at least maintained profits for 1985.

Akzo attributed the improved results in large part to higher selling prices and to favourable currency movements. It derives about 20 per cent of turnover from the U.S.

The group's dollar based sales will increase strongly this year if current acquisition talks are agreed. Akzo is in the process of negotiating to buy Immont Corporation from United Technologies of the U.S. Immont makes paint, and had sales last year equal to FF1.33bn.

Strong gains came from chemicals and pharmaceuticals. In chemical products, the company posted a 55 per cent first-quarter increase in operating

income to FF1.80m on a 23 per cent rise in turnover to FF1.56bn.

The improvement in chemicals was concentrated in the salt and heavy chemicals divisions. The especially cold winter in the U.S. and Europe boosted demand for the road salt products.

The fast growing pharmaceutical division boosted operating income to FF1.85m in the quarter on FF1.54m of turnover, compared with FF1.75m and FF1.45m respectively a year ago. In chemical fibres, business was damped by a soft market in the U.S. Coating lines also contributed less to group earnings since the severe winter depressed demand for do-it-yourself products, notably paint.

## Societe Generale well ahead

BY OUR PARIS CORRESPONDENT

SOCIETE GENERALE, the third largest French nationalised bank, reported yesterday a 12.2 per cent increase in consolidated earnings last year to FF1.57bn (\$97.5m) FF1.57bn the previous year.

The group also indicated it plans to strengthen its capital resources by issuing new "certificats d'investissements" or non-voting preference shares this year.

The bank will propose at its annual meeting at the end of next month the increase of its capital from FF1.55bn to a maximum of FF2.5bn through among other measures, the issue of new non-voting shares.

Societe Generale said earnings would have been higher had it not been for losses from one of its foreign operations. Overall, the group's foreign subsidiaries reported a loss of FF1.18m last year compared with a profit of FF1.21m the year before.

Deposits last year totalled FF2.842bn and interbank resources amounted to FF3.31bn. Loans totalled FF1.322bn. Total group assets rose 18 per cent to FF3.55bn.

Banque Paribas, the state-owned French investment bank, also reported yesterday a 12.8 per cent increase in profits to FF1.18m last year from FF1.04m the year before. In

line with the bank's cautious policy towards international risks, Paribas increased its bad debt provisions by 11.3 per cent to FF1.59bn from FF1.7bn the year before.

Total assets also rose by 16 per cent to FF3.38bn from FF2.95bn. French credits rose 5.4 per cent to FF62.8bn while leading by foreign branches rose by 28 per cent to FF56.7bn. Total credit rose by 15 per cent to FF118.5bn. Deposits rose 2.2 per cent in France and 47.7 per cent abroad. Overall deposits increased 28 per cent to FF148.7bn of which two thirds was collected by foreign subsidiaries.

## Norsk Hydro shows growth

BY FAY GJETER IN OSLO

NORSK HYDRO, the Norwegian industrial concern, reports first-quarter after-tax profits of Nkr 644m (\$71.5m) — up Nkr 35m on the same period last year.

The improvement was achieved despite a strike throughout January, which hit output at most plants in Norway and lowered pre-tax profits by about Nkr 100m.

The board forecasts that the results for 1985 as a whole will about match last year's after-tax figure of Nkr 2bn.

As in 1984, the oil and gas division continued to make the biggest contribution to group profits. Results in this sector were better than in January-March last year, with the strong dollar more than offsetting easier prices and a slight fall in output.

The profitability of refining and marketing activities also showed a marked improvement.

Aluminium and petrochemicals had weaker market conditions in the quarter. Supplies of aluminium have

recently exceeded demand, and in several countries production has been cut. In petrochemicals, there has been a price fall, which now, however, appears to be levelling off.

Earnings from magnesium production on the other hand, clearly improved. Market conditions were "satisfactory" and profitability still good. For agricultural products, market conditions in Europe were better than a year earlier, although the late spring has delayed sales of fertilisers.

## Pechiney plans FFr 600m issue

By Paul Betts in Paris

PECHINEY, the nationalised French aluminium group, is planning to raise between FFr 600m and FFr 800m (\$84m) in fresh capital through an issue of so-called "certificats d'investissements".

These are the equivalent of non-voting preference shares which French nationalised companies can now issue to open up their capital to private funds without changing their state ownership structure.

Pechiney is the second large French nationalised industrial group after the state-owned Rhone-Poulenc chemicals concern to announce an imminent issue of the new financial instrument. Rhone-Poulenc, however, has not disclosed the amount of its issue. Societe Generale also raised FFr 600m in fresh capital when it floated last year, the first "certificats d'investissements" issue by a state banking group.

The new mechanism is designed to give nationalised groups greater flexibility to raise funds on the capital markets. The Government is under budgetary pressures and is seeking to help down its overall direct funding contributions to the nationalised sector.

M. Bernard Pache, Pechiney's chairman, confirmed yesterday the group's return to profit with net earnings of FFr 546m last year compared with a loss of FFr 463m in 1983. The company, he said, had decided to tap the capital markets now that its financial performance had recovered.

Despite a more difficult situation in the international aluminium market, M. Pache said Pechiney's cash flow was expected in total FFr 1.5bn in the first half of this year compared with FFr 1.8bn in the first half of 1984.

## French group ends Spanish aluminium link

By David White in Madrid

THE TERMS under which Pechiney of France is virtually to pull out from the Spanish aluminium industry have been settled under an agreement ratified this week by the boards of both the French state-owned group and INI, the Spanish state holding company.

Pechiney is to receive Ptas 2.8bn (\$16.1m) for its remaining 37 per cent stake in its former subsidiary, Aluminio de Galicia (AUGASA), making way for the final stage of a reorganisation of the industry in Spain under INI's control.

Under the agreement, Pechiney will also scale down its contracted supplies of bauxite to Spanish smelters. But it will maintain its 45 per cent in Aluminosa, an aluminium alloy producer, alongside INI and the Spanish Banesto banking group, by taking part in a capital increase.

Pechiney's withdrawal follows a crisis three years ago at Aluminio Espanol, an integrated complex in which its AUGASA offshoot held a 20 per cent share.

## Dollar spur for Swiss bank assets

BY JOHN WICKS IN ZURICH

THE BALANCE-SHEET total of leading Swiss banks increased last year by 10 per cent to SwFr 548.5bn (\$210bn) compared with growth of 7.2 per cent for 1983. But the national bank points out the acceleration was due mostly to the stronger dollar.

The figures are for the combined balance sheets of the banks which report monthly to the national bank. These together account for about three-quarters of the balance-sheet total of the 570 banks and finance companies operating in

Switzerland.

The balance-sheet statistics show only part of the growth of Swiss banking, since banks continued to concentrate on expanding commission-based business outside their balance sheets.

An indication of this lies with the 2.4 per cent rise in fiduciary business, an increase which might have been even more marked if foreign-controlled Swiss banks were included in the national bank's statistics.

Total fiduciary assets of the

Swiss banking system abroad had reached SwFr 256.2bn at the end of 1984, all but a small share in foreign currencies.

Around 30 per cent, or SwFr 16.8bn, of the SwFr 51bn increase in domestic fiduciary clients reflected the inclusion for the first time of Liechtenstein in the Swiss total.

Fiduciary accounts came into being to counter a 35 per cent withholding tax on bank deposit interest. They are invested outside Switzerland in the bank's name, but at the depositors' risk.

## Georg Fischer sees dividend for this year

By Our Zurich Correspondent

GEORG FISCHER, the Swiss engineering concern, hopes to resume dividend payments this year. The company's last payout, SwFr 25 per share, was for 1980.

First-quarter business had been rather better than budgeted, with turnover up 10 per cent to SwFr 43m (\$167m) and new-order value higher by some 20 per cent than for the corresponding period of 1983 at SwFr 520m.

Fischer plans to pay a dividend 1985 "if business continued along these lines and in the absence of unforeseen developments." A further improvement in earnings is forecast.

Group earnings for 1984 amounted to SwFr 5m compared with a 1983 loss of SwFr 11m. Turnover rose 12 per cent to SwFr 175bn.

This year the group is to invest SwFr 80m, excluding SwFr 40m expansion on project at the Charmilles technologies machine-tool plant in Geneva. In 1984, capital expenditure amounted to SwFr 57m.

## La Fondiaria increases profits by 56%

BY ALAN FRIEDMAN IN MILAN

LA FONDARIARIA, Italy's third biggest insurer in terms of premium income, last year achieved a 54.6 per cent jump in profits, to L49.9bn (\$25m).

The Florence-based group, which was founded 100 years ago, said its premium income last year rose by 20 per cent to L483.7bn. When recent acquisitions are included in the group results, however, total premiums came to L1,600bn.

The most important acquisition was last December's purchase of 94 per cent of the Milan-based Milano Assicurazioni from the Bonomi family.

B.I. Invest, the state-controlled merchant bank, has 15 per cent of La Fondiaria, a subsidiary of the Florentine insurer into a major national force. The acquisition also gave it indirect control of Italian Assicurazioni and the MIU-RI reinsurance business.

B.I. Invest, in addition to selling its controlling stake in Milano Assicurazioni, also reduced its own shareholding in La Fondiaria to 25.4 per cent.

La Fondiaria is paying a dividend of L1,200 a share, up by 20 per cent on the 1983 level. The group increased its share capital last year from L29bn to L43.5bn.

## Dresdner unit lifts provisions

By Our Financial Staff

THE Luxembourg subsidiary of Dresdner Bank, West Germany's second largest commercial bank, had higher earnings in 1984, but used them to boost risk provisions. In the nine months ended December 1984 the bank made provisions of LFr 5.1bn (\$82m), bringing the total amount of provisions against international risks to LFr 15.1bn.

The bank's business year used to run until March, but is being changed to a calendar year from 1985. For the 1983-84 12 months, provisions totalled LFr 53bn.

## DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

Current Market Prices			Offer Calculations		
ISSUER—Warrant expiry date	Wmnt BID OFFER	Wmnt Price 1/1 Yield	Share Premium 1/1 Yield	Premium/ Gearing	Premium/ Gearing Ratio
CASIO 6/3/85	41.00	42.50	1.700	1.51	2.99
CITON 4/5/85	14.50	18.00	3.33	1.37	5.96
CITON 10/1/85	40.00	45.00	3.00	1.37	5.96
DAIWA CABLE 28/4/85	5.50	7.50	3.57	3.69	1.90
DAIWA GUMI 1/11/85	10.50	12.00	3.00	3.69	1.90
J S R 28/4/85	4.00	7.50	3.81	3.94	2.44
JUSCO 25/12/85	70.00	73.00	3.75	3.94	2.44
KAWAII 12/1/85	1.50	2.25	3.75	3.70	1.69
KUMORI PRINT 20/12/85	17.50	19.00	2.950	3.63	2.43
MARUZEN 31/10/85	2.00	2.50	2.50	14.87	3.99
MINETRA 20/4/85	34.00	36.00	6.00	28.94	10.26
MITSUBISHI 20/1/85	58.50	58.50	4.95	28.94	10.26
MIT CORP 7/1/85	11.50	12.00	4.95	16.68	2.18
MITSUBISHI 20/3/85	10.50	12.00	3.00	8.76	7.27
MITSUBISHI 20/3/85	34.00	36.00	3.00	10.27	7.24
MITSUBISHI 20/3/85	23.00	25.00	1.72	8.40	1.26
MIT METAL 10/1/85	12.50	14.00	64.7	31.69	1.68
NISSAN PET 25/12/85	19.50	21.00	6.40	31.69	1.68
NIPPON MIN 1/2/85	81.00	81.00	2.92	18.84	4.48
NISSAN IWAJ 1/2/85	6.00	6.50	4.29	18.84	4.48
ONODA 31/10/85	38.00	40.00	1.030	9.95	3.15
ONMAYASHI KUMI 5/4/85	9.50	11.00	7.25	49.52	0.90
ONODA CEMENT 10/4/85	9.50	11.00	7.25	49.52	0.90
ONODA CEMENT 28/2/85	12.00	13.50	3.66	12.36	3.97
OPTIC DAN 12/2/85	20.00	21.00	3.66	17.03	4.98
OSAKA TRANSPORT 39/1/80	14.00	15.50	3.98	17.03	4.98
SEINO TRANSPORT 17/3/85	80.00	85.00	64.4	39.46	11.95
SEINO STORES 20/3/81	80.00	85.00	64.4	39.46	11.95
SUMI CONSTRUCTION 24/3/85	42.00	45.00	2.00	42.06	4.16
SUMI REALTY 21/1/85	17.50	19.00	5.48	42.06	4.16
TOKYO SANKYO 8/6/85	136.00	141.00	1.260	81.78	9.32
TOKYO TRU 20/1/85	15.00	16.50	3.38	3.32	8.62
TOKYO TRU 20/1/85	15.00	16.50	3.38	3.32	8.62
TOKYO YONG 28/2/85	12.00	13.00	6.59	8.03	2.80
YAMATO KOGYO 25/1/80	9.50	11.00	5.66	21.82	2.12
YAMATO KOGYO 25/1/80	9.50	11.00	5.66	21.82	2.12

Reuters Monitor DABF/G/H/I — Further information from:  
Credity Group, Sunam Group, Fujiwara Kogyo on 01-249 8000  
London, 01-249 8000  
Davies Enterprise Limited, 14 St Paul's Churchyard, London EC4A 3DF

## INTERNATIONAL COMPANIES and FINANCE

## London Sumatra needs local backer

ENTERING THE offices of London Sumatra Plantations Company in the Indonesian city of Medan is like walking into the colonial past. The pillars of the building are Aberdeen granite, brought out as ballast in the old trading ships. The lift has heavy sliding gates. Mr Geoff Brown, the chairman, sits drinking Borvill in his office.

But there the old-fashioned image fades. London Sumatra is an up-to-date financial operator, attuned to the often erratic prices of its plantation commodities around the world, and part of the large and profitable foreign presence in the rapidly expanding Indonesian plantations sector.

Formed in 1982, London Sumatra and its five associated companies are wholly owned by Harrison and Crossfield of the UK, the plantations, chemical, and trading group which has been involved in tropical agriculture since the turn of the century. For 1984 H and C has forecast pre-tax profits of \$22m (\$100m), an increase of 45 per cent on the 1983 figure. London Sumatra is believed to have made a substantial contribution in 1983 this reached £13m, a 150 per cent increase on the previous year. Further, if less spectacular, gains are expected to be announced for 1984.

The foundation of London Sumatra's good fortunes over the past three years has been the rocketing prices for its palm oil. Tea has been another big money earner. The company now aims to have a 40/40 split in a few years between rubber and the more profitable

palm oil, the remainder being given over to other crops.

London Sumatra does have its problems, however, as it confronts the reality that the days of full foreign ownership are fast passing. Amid the turmoil of the later years of President Sukarno the company was forced in 1964, along with many other foreign concerns, to leave Indonesia. When it returned

partners. "They at least are fairly predictable," said one planter.

Socfin, the Belgian plantations group has no such problems. Like London Sumatra, it was also forced to leave Indonesia in the mid-1960s but it chose to go into partnership with the government when it returned, retaining 60 per cent of the equity of its local com-

planter said: "When profits are that big, then is the time to worry." Already, there are calls for greater Indonesian control over the company.

Liem Sioe Liong, the powerful Chinese-Indonesian business tycoon, is reported to be pressuring the government to allow him to buy into the company. Mr Wladimir Dell, Socfin's managing director, who is flamboyant Belgian of Russian ancestry and has been in Indonesia for more than 35 years, knows that changes are on the way. But contributing as it does large amounts to government coffers, Socfin is at least in a good bargaining position.

The City of London—the traditional financial engine of the plantations business since the turn of the century—is obviously bullish about prospects in the Indonesian plantation sector. Three companies already heavily involved in Indonesia—the Anglo Indonesian for more than 35 years and General Investment and Rea Holdings—have joined together to develop up to 30,000 hectares of land in Sumatra over the next 10 years.

To do this, they have floated a new company called Anglo Eastern and hope to raise more than \$7m to clear and plant land with oil palm. The Government, which controls 80 per cent of the plantation business, has been encouraging such investments. Significantly, the plantations sector and agribusiness in general were two of the main topics discussed between President Suharto and Mrs Margaret Thatcher during her recent visit to Indonesia.

## Foreign companies require local participation to ensure their survival in Indonesia, particularly in the rapidly expanding plantations sector. Kieran Cooke in Jakarta reports

four years later London Sumatra continued under full foreign ownership. Such a policy is no longer popular in Indonesia.

Negotiations with the government on renewing land leases start in 1988 and the authorities will be insisting on some form of local participation. Going public in Indonesia at present is not an attractive proposition, with high interest rates attracting funds away from the fledgling Jakarta stock market. Finding a suitable local partner is very hard; also under Indonesian law foreigners cannot hold land title and a company risks a great deal if arguments occur.

But London Sumatra has to have sizeable Indonesian participation to ensure its survival: it cannot undertake expansion plans until this is carried out. The company is at the moment being restructured. One possibility is that the government might come in as

pany, P. T. Socindo. Judging by recent profit figures, the arrangement has prospered. In 1983 Socindo made a pre-tax profit of \$14.7m. Last year that leapt to more than \$43m. Palm oil to which most Socindo's 47,000 hectares (116,000 acres) is given over, again accounted for the bulk of the gains.

It also has a refinery producing stearin (for margarine and soap manufacture) and fatty acids. While the company sells quantities of crude palm oil to both domestic and foreign markets, refining is the main money-maker in the business and more than 70 per cent of Socindo's profits in 1984 came from its refining operations.

With other plantations in Vietnam, Kampuchea and Zaire Socfin's operations in Malaysia and Indonesia have become vital to the overall health of the company. But there are signs that not everyone is happy with Socfin's performance. As one

## RUFs catch on in Singapore

BY CHRIS SHERWELL IN SINGAPORE

THE REVOLVING underwriting facility (RUF), a hybrid form of financing which allows medium-term borrowing at more advantageous short-term rates, appears to be catching on in Singapore.

In the short space of five months since they first appeared, a total of nine have been arranged and at least one more is in the pipeline. Of the nine, five have been demonstrated in U.S. dollars (total value U.S.\$280m) and three in Singapore dollars (\$810m). The ninth was in European currency units (Ecu 50m).

The first RUF, in November

last year, was \$810m (U.S.\$452m) for Keppel Shipyard, a government-controlled corporation. Since then, facilities have been arranged for such non-Singaporean borrowers as Adelaide Steamship (U.S.\$80m) and Citicorp Capital Markets Group Australia (U.S.\$100m) as well as for several Singapore companies—Neptune Orient Lines (U.S.\$50m), Chuan Hup Marine (U.S.\$30m), Elders Pica (U.S.\$30m) and Sime Darby (S\$50m).

The latest RUF is for Actus Corporation, a subsidiary of Japan's Minebea (formerly Nippon Miniature Bearing), and is for S\$30m.

Leading the field in arranging the business are Singapore International Merchant Bankers, a joint venture between Schroder of London and the Oversea-Chinese Banking Corporation, one of the "big four" local banks.

Under a RUF, a borrower typically raises money by asking the agent for the facility to invite the members of the tendering panel of banks to lend as and when the borrower needs funds. They bid for notes of, say, three or six months' maturity, and the agent accepts tenders quoted at the best rate of interest on behalf of the issuer.

## JAPANESE RESULTS

ASAHI GLASS SHEET GLASS/ CHEMICALS		
Year to	Dec '84	Dec '83
Revenue (bn)	722	661
Pre-tax profits (bn)	63.70	47.56
Net profits (bn)	29.22	23.06
Dividend	28.26	22.29
CONSOLIDATED		
BRIDGESTONE TYRES		
-Year to	Dec '84	Dec '83
Revenue (bn)	802	762
Pre-tax profits (bn)	47.96	47.48
Net profits (bn)	15.67	18.52
Dividend	28.54	24.15
CONSOLIDATED		

CHUGAI PHARMACEUTICAL DRUGS			
Year to	Dec '84	Dec '83	
Revenues (bn)	100	98	
Pre-tax profits (bn)	4.55	4.31	
Net per share	27.41	32.70	
CONSOLIDATED			
KAO DETERGENTS			
Year to	Mar '85	Mar '84	
Revenues (bn)	370	331	
Pre-tax profits (bn)	18.46	13.22	
Net profits (bn)	7.22	6.25	
Net per share	27.28	25.19	
Dividend	7.5	7.5	
PARENT COMPANY			

MARITIME ELECTRIC WORKS POWER TOOLS		
Year to	Feb '85	Feb '84
Revenue (bn)	109	91
Pre-tax profits (bn)	18.55	15.47
Net profits (bn)	8.58	6.51
Net per share	72.8	58.1
CONSOLIDATED		
SEKISUI HOUSE PREPARED HOMES		
Year to	Jan '85	Jan '84
Revenue (bn)	460	444
Pre-tax profits (bn)	18.51	15.57
Net profits (bn)	8.04	7.55
Net per share	21.72	20.88
PARENT COMPANY	15	15

## Strong rise in profits at Matsushita Electric

By Our Tokyo and Financial Staff

MATSUSHITA ELECTRIC Industrial Company, Japan's largest electronics manufacturer, yesterday announced consolidated net income of ¥63.8bn (\$255m) for the first quarter of its current fiscal year, a year-on-year rise of 23 per cent.

Sales for the quarter, which ended on February 28, totalled ¥125.1bn, up from ¥106.5bn in last year's opening period, a rise of 15 per cent.

The company said pre-tax income for the quarter rose 23 per cent, from ¥143.2bn last year to ¥176.5bn. Sales growth was led by video equipment, up 25 per cent at ¥503.7bn.

Communication and industrial equipment sales, including office automation supplies, rose 18 per cent to ¥197.2bn. Electronic component sales rose 13 per cent to ¥142.7bn, while home appliance sales grew 10 per cent to ¥145bn, led by microwave oven demand.

On a per share basis, net income increased to ¥35.37 from ¥28.80. Of the total video equipment sales, ¥377.1bn was accounted for by video cassette recorders and related products.

The company said television set sales worth ¥109.9bn were up 14 per cent, largely reflecting an increase in exports to China.

Audio equipment was the only category that showed a per cent to ¥115.5bn.



## Malaysia

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Nominal Amount Applied For	Allotment
Up to £10,000	In full
£10,000 to £50,000	£12.500
£50,000 to £100,000	£15.000
£100,000 to £200,000	£20.000
£200,000 to £400,000	£25.000
£400,000 and greater	As to 5.94 per cent, rounded up to an integral multiple of £100 nominal amount of Stock.

The Stock has been admitted to the Official List of The Stock Exchange for quotation in the Gilt-edged market. Dealings will begin today, Friday, 26th April, 1985, for deferred settlement on Thursday, 2nd May, 1985.

S. G. Warburg &amp; Co. Ltd.

on behalf of

Malaysia

26th April, 1985

## Mitsukoshi extends trading recovery

By Our Financial Staff

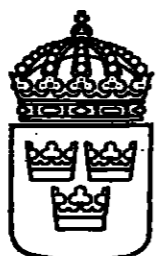
MITSUKOSHI, Japan's leading department store group, continued its trading recovery last year as benefits showed through from a tough programme of asset disposals and management reshaping.

The prestige group yesterday reported a turnaround into pre-tax profits of ¥2.08bn (\$8.3m) for the parent company in 1984, against losses which the previous year reached ¥9.9bn. This was achieved on sales just 3 per cent ahead at ¥53.93bn, and the performance reflects the success of moves to reduce debt.

However, at the net level earnings stood at just ¥257m compared with the ¥5.68bn positive attributable result for 1983, a year in which the sale of its Kobe store and other assets brought a ¥14.9bn extraordinary credit. Earnings per share were thus ¥0.59 against ¥13.09, but the dividend is being maintained at ¥6 a share.

Mitsukoshi forecast a recovery this year in net profits to ¥1.7bn, or ¥6bn pre-tax. It said it had saved ¥2.1bn in 1984 through staff cuts and lower marketing and administration costs.

This advertisement complies with the requirements of the Council of the Stock Exchange



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Morgan Guaranty Ltd  
Nomura International Limited  
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Amro International Limited  
Banque Bruxelles Lambert S.A.  
Banque Paribas  
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Application has been made for the 10 7/8 per cent. Bonds due 1990 to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Bond.

Interest is payable annually in arrears on 15th May, the first payment being made on 15th May, 1986.

Full particulars of the Notes will be circulated in the Extel Statistical Service and may be obtained during usual business hours (Saturdays excepted) up to and including 30th May, 1985 from the Company Announcements Office of The Stock Exchange and 10th May, 1985 from the broker to the issue:

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Heron House,  
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26th April, 1985

New issue

This announcement appears as a matter of record only.

April 19, 1985



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Orion Royal Bank Limited

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## BY MICHAEL CASSELL

## HK Land signs IBM

## A spokesman for the Church

In 1983, the commercial portfolio yielded a net income of over £27m. Much of the cash raised from an extensive UK sales programme involving commercial and residential property interests is being allocated for real estate investment in the U.S.

No details of the IBM deal have been released although asking rents in the new complex range from HK\$19-HK\$24 a sq ft, plus a HK\$2.25 a sq ft service charge.

● Trencherwood, the Newbury-based development group, has sold its three-acre Hambridge Road industrial estate adjoining Newbury racecourse to Gowring group for £17m.

## Imry lets Boston Park Plaza to Wang

Mr Richard Main, the estate agent acting on behalf of the CWS in connection with the Prescott St plans, said news of the decision was being warmly

where the battle has gone as far as the High Court, which found in Bredero's favour. The GLC, however, has been expected to stage another appeal.

● **Norwich Union**, which last month announced its biggest office scheme to date in Paris, this week said it is to develop its first French shopping

● Lancashire County Council Superannuation Fund, advised by Knight Frank & Rutley, has paid nearly £1.5m for Cobden House, a 17,000 sq ft freehold office building developed in Cheadle Hulme, greater Manchester, by House of Orange Developments and let to Shell UK. The deal, in which Dunlop Heywood acted for the developer, shows an initial yield of 6.5 per cent.

**pension funds and insurance companies grew marginally to just over £14bn.**

**Insurance companies continued to be the largest investors in property although they again reduced their commitment to the sector with only £744m spent during the year against £845m in the previous 12 months. Only three years earlier, the figure had exceeded £1bn. Pension fund investment grew, however, rising**

by over 20 per cent to £685m. At the same time, property unit trusts put £47m into property, compared with a net disinvestment of £10m in the year before.

Commenting on the 1984 figures, Peter Steward of Knight Frank and Rutley said they illustrated returning confidence among investors and that he expected the recovery to continue throughout this year.

traders. NU has retained the vendor, French developer Breguet is to build the centre and with the help of Healey and Baker - also letting agents - have acquired adjoining property to be incorporated in the scheme.

• **Wates City of London Properties and Friends Provident** Life have concluded their agreement for the £65.5m purchase of Winchester House in the City of

● Lancashire County Council Superannuation Fund, advised by Knight Frank & Rutley, has paid nearly £1.5m for Cobden House, a 17,000 sq ft freehold office building developed in Cheadle Hulme, greater Manchester, by House of Orange Developments and let to Shell UK. The deal, in which Dunlop Heywood acted for the developer, shows an initial yield of 6.5 per cent.

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## UK COMPANY NEWS

## Blue Circle decides against rights

Blue Circle Industries has bettered City estimates with taxable profits of £113.2m for 1984, some £3.7m higher than last year, and reckoned that the miners' strike cut the figure by some £8m.

Mr John Milne, the chairman, also admitted that the group had considered a widely tipped rights issue, but decided it was not necessary. "Our gearing levels mean we don't need to have one and our borrowings are under control," he said.

The expected fall-off in capital expenditure after the heavy investment in recent years was another factor influencing the decision not to go for a cash call.

The shares rose 15p to 495p yesterday.

Turnover of the group, the UK's largest cement manufacturer, fell by £36.2m to £870.3m, producing gross profit virtually unchanged at £296m. Related companies improved to add £53.8m (£39.6m) to operating profits ahead by £21.6m to £155.2m.

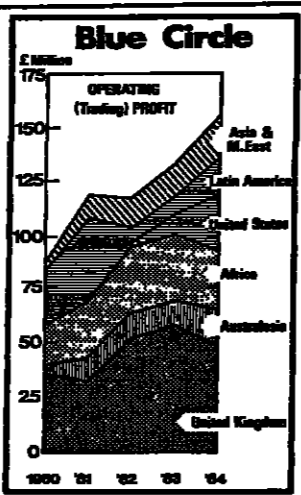
Interest charges rose by £6.2m to £27.6m.

Exchange rate movements assisted the group by around £2.5m. There was a surge in operating profits from the U.S. which added £15m more to £24.5m. This was enough to offset a substantial downturn in the UK from £58.3m to £48.5m, and a smaller fall in Africa, from £31.6m to £29.5m.

The taxable result was reduced by exceptional costs of £14.4m



Mr John Milne, chairman of Blue Circle



(£2.7m), mainly redundancy costs in the UK but including £2.2m for the same in Mexico. The chairman said that the group reduced its workforce by 1,200 last year, but added that no further redundancies were planned over and above the 450 already negotiated with the unions.

"Unless there is some marked deterioration in the UK we see this as the final phase," said Mr Milne.

There would be further exceptional costs but these would be

less than half this year's total, he forecast.

UK trading in the current year has suffered from the bad winter weather, which meant a bad start for the industry as a whole. To date the shortfall is running at around 10.5 per cent, down from the level of 20 per cent in February.

The U.S., on the other hand, has got off to a "bumper start" for the group. Budget for the year is that in dollar terms profits will at least equal the good 1984 figures and perhaps be a

little higher, said the chairman.

The new acquisition Atlantic Cement is forecast to cover its funding cost this year and perhaps do a little better.

In Latin America the recovery in Mexico and Chile that started in 1984, when operating profits rose from £7.5m to £17m, is now coming through much stronger and the group says it has made a "very good start" to the year.

In Australia the group made £18.5m against £11.3m in 1984, and Asia and the Middle East rose £3.5m to £18.9m.

The dividend is stepped up 1p to 14p for a total of 20p net. Earnings per share are stated at 62.1p (62.3p) before extraordinary

debts of £2.5m (£2.9m) — head office relocation costs and losses on investments. The tax charge came to £20.2m (£29m).

Depreciation in excess of that based on the historic cost of assets is charged in respect of assets which have been revalued.

Had depreciation been charged only on the historic cost of assets, pre-tax profit would have been increased by approximately £17.6m and the group share of after-tax profit by £16.1m.

Operating profits of Armitage Shanks were £13m (£11.1m) of which £9.6m (£7.8m) was earned in the UK and £3.4m (£3.3m) came from overseas.

Capital spending last year went up from around £69m in the UK to some £80m. This year the figure will be down, and is forecast to drop even more in 1985.

See Lex

## ICI's £267m opener disappoints

HAVING PASSED the £1bn barrier for the first time in 1984, Imperial Chemical Industries yesterday disappointed the market with its figures for the first quarter of 1985.

These showed an increase in taxable profits from £245m to £267m for the three months, but this was lower than most expectations, and the shares fell 21p to 744p. Analysts have been downgrading their forecasts over the past couple of weeks.

Trading conditions in the first quarter were similar to those at the end of last year, say the directors. Profits then were £254m pre-tax for a year's total of £1,035m.

Turnover totalled £2,723m for the three months just past, with chemicals pushing up by far the bulk at £2,461m. The comparable figures are £2,375m and £2,076m. Domestic chemical sales came to £602m (£588m), and overseas £1,859m (£1,488m).

Oil added £257m to sales against £235m.

The directors say that higher sales volume, including 3 per cent provided by acquisitions, accounted for 8 per cent of the increase in turnover, the rest coming from exchange rate movements and price increases.

Agrochemicals and pharmaceuticals maintained improved levels of profitability achieved in recent quarters, say the directors, as did petrochemicals and plastics. Fibres, specialty chemicals and polyurethanes had a good quarter, they add.

Profits in the oil business were down from £26m in the last quarter of 1984 to £22m, with a slight reduction in volume and an increase in petroleum revenue tax (PRT) payable to £47m.

Sales and profits were stronger in Western Europe than in the U.S. and in the rest of the world, due partly to seasonal factors.

The charge for tax, excluding PRT, came to £99m for the quarter, and comprised the quarter against a combined £62m of corporation tax (£66m) and £37m (£24m) tax on overseas subsidiaries and has been provided at 41.25 per cent, the expected average rate for 1985.

Net profit emerged at £155m, up from £146m, after minority's of £13m against £9m.

Earnings per £1 share are stated at 24.8p against 23.9p for the quarter.

See Lex

## Change of direction will give Wimpey sounder base

George Wimpey, construction engineer, saw its 1984 pre-tax profits fall from £45m to £38.2m after taking account of exceptional losses of £3.3m and a £6.3m jump in net interest charges to £17.3m.

The group disclosed that a provision of £21.4m was made concerning an associate.

The dividend for the year, however, is being stepped up by 0.3p to 3.35p net, the final being 4.4p.

Mr C. J. Chetwood, chairman and chief executive, tells shareholders that homebuilding in both the UK and overseas is proceeding satisfactorily.

At home, he says, an increased number of sites and marketing should result in increased sales. Overseas, the group will continue to expand in areas of the U.S. which are experiencing population growth.

Contracting in the UK and overseas remains very competitive.

In the UK the new management which was appointed at the end of 1984 is proving effective and overseas the profit potential for the current year is "encouraging" and future work is being "vigorously pursued."

The chairman is encouraged by the response to the restructuring and improved marketing of the engineering businesses—Wimpey Engineering and Wimpey Offshore.

Concentration on first class property developments will enable the directors to exercise much closer control and use resources to better effect.

Overall, Mr Chetwood regards 1985 as a vital year in the development of Wimpey. He says it has already achieved a great deal in bringing a new discipline to bear which focuses attention



Mr Clifford Chetwood

much more closely on profitability.

The group has also effectively reduced costs and changed the emphasis and direction of major activities, notably contracting, property and engineering.

A great deal remains to be done. However, Mr Chetwood says he is confident that by the end of the current year the directors will have established a firm and profitable base on which to expand the group.

Turnover for 1984 pushed ahead from £1,488m to £1,520m and at the operating level profits advanced by £2.5m to £38.2m. Tax accounted for £3.3m (£7m) and minorities for £0.2m (£0.9m).

Extraordinary debts rose from £11.2m to £21.1m.

These comprised of surplus of

£17m from the disposal of approximately half of the investment in the Oldham Estate company which, after related tax of £3.8m, resulted in a net of £13.5m.

Having sold an unlet office building in Frankfurt to a group subsidiary, the cost in February and sold undeveloped land to the Frankfurt municipal authority, Ariel Intl, a group associate, is well advanced in negotiations to dispose of the remainder of its property interests.

The completion of these disposals in 1985 will result in the diminution of the value of the group's investment and a provision of £21.4m has been made in extraordinary items.

An amount of £3.4m deducted from investment revaluation reserve in 1983 has now been credited to that reserve and has been included in the extraordinary charge in 1984.

Contracts were exchanged earlier this month to dispose of number of investment and development properties in the UK.

A provision of £4.8m has been made in extraordinary items. Redundancy and related costs of closure were incurred in certain uneconomic operations in Western Canada.

Similar costs have been incurred within Wimpey Laboratories and in the Brightside Mechanical and Electrical Services Group in the UK.

The amount written off, less related tax, totalled £3m. At year-end borrowings less cash amounted to £174m (£149.8m), equal to 36 (31) per cent of shareholders' funds.

Assets per share were 250p (245p) and shareholders' funds 171p (169p) per share.

See Lex

## Lilleshall picks up to £163,000

Lilleshall, engaged in steel and fastener distribution, achieved taxable profits of £163,000, against £12,000, in 1984 and has doubled the single dividend to 2p.

Turnover was lower at £7m (£8.43m) but the taxable result benefited both from a reduction in interest charges to £125,000 (£172,000) and an exceptional credit of £96,000 (debit £55,000).

Net profits after tax came out at £141,000 (£3,000) for earnings of 6.1p per share.

The directors say that the group continues to develop its interests in land.

## Sherwood Computer

The offer for sale by tender of 1.4m shares in Sherwood Computer Services at a minimum price of 145p per share, closed yesterday morning some three times subscribed. Full details on the basis of allocation and the striking price will be announced today.

## United's bid for Fleet referred

BY SUE CAMERON

United Newspapers' proposed bid for Fleet Holdings, publishers of Express Newspapers, is being referred to the Monopolies and Mergers Commission, the Department of Trade and Industry announced yesterday.

The referral has little significance in itself—under the provisions of the 1973 Fair Trading Act any change in the ownership of a newspaper with average sales of over 0.5m has to be sent to the MMC automatically. There are certain exceptions to this rule but they do not apply in the case of United and Fleet.

Nor is it thought likely that the proposed bid will meet with any major opposition. The fast growing United owns the Yorkshire Post and Punch among other publications but it has no other national daily papers in its stable at present.

What the referral will do is to give United a little more room for manoeuvre with its shareholders in terms of time. United has been on a major buying spree. Its biggest purchase over the past year was the UK-based

Link House publishing group for £82.3m. And earlier this year it paid £30.6m to Pergamon Press for its 15.25 per cent holding in Fleet.

Observers believe United's shareholders may now heed a breath before attempting to swallow Fleet. Mr Derek Terrington, an analyst with Griverson Grant, a stockbroking firm, has estimated that United's sales would increase by 78 per cent if its bid for Fleet were successful.

But Fleet itself has consistently cold-shouldered the proposed bid ever since it was announced last month. Yesterday it maintained this stance following the

announcement of the referral to the Monopolies Commission. Lord Matthews, chairman of Fleet, said: "Whatever the outcome of the Commission's inquiry, we regard the absence of any specific proposals from United as totally unsatisfactory."

"Since their first announcement we have sought from United and its advisers more information about their proposals. No further information has been forthcoming and we continue to regard the approach as without merit."

"We shall be writing to our shareholders next week with our views on this highly unusual situation."

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"We shall be writing to our shareholders next week with our views on this highly unusual situation."

Ingall Industries, contesting a £7.3m bid by the Greater Midlands Co-op, has complained to the Takeover Panel about remarks made by the Co-op suggesting the possibility of a revised, though unspecified offer. This will be Ingall's third complaint to the Panel in as many weeks.

This announcement appears as a matter of record only.



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March, 1985

## The British Bank of the Middle East

## "Maintained steady growth"

— M. G. R. Sandberg, C.B.E., Chairman



Mr M. G. R. Sandberg, C.B.E.

## Financial Highlights

	1984	1983
	£000s	£000s
Share Capital and Reserves	152,927	111,353
Profit for the year after taxation	28,855	22,353
Dividend Paid	15,000	13,387
Special Dividend Paid	—	2,363
Total Assets	2,305,491	1,765,233

● The Bank maintained steady growth and entered into a period of consolidation during 1984.

● The Bank's consolidated after-tax published profits rose to £28,855,000 compared with £22,353,000 for 1983. The dividend paid to the parent company, The Hongkong and Shanghai Banking Corporation, was £15,000,000 (1983: £13,387,000) plus a special dividend of £2,363,000. The consolidated capital and reserve accounts now total £152,927,000 compared to £111,353,000 at 31 December 1983.

● In the economies of many Middle East countries, OPEC's oil-pricing crisis during 1984 had a serious knock-on effect—national development plans were cut back, payments and cash flows slowed, and property markets became depressed.

● Local investors' confidence and private sector investment has slackened—nevertheless, several oil-producing countries have made remarkable progress in diversifying their economies to reduce their dependence on oil.

● The British Bank of the Middle East re-affirmed its traditional role as a financier of foreign trade in the Middle East, and in countries such as Oman rationalised and streamlined its operations.

● The Bank's policy of upgrading its technology, and introducing new services, continued. During 1984, a Private Banking Department was established in Dubai, and the networks of automated teller machines were expanded.

● The Bank remains a leading and trusted banker throughout the Middle East, and in 1985 I am confident it will maintain both its reputation and its current market position.

● I should like to express my gratitude for the loyalty and dedication shown by our staff, on whom so much of the Bank's success depends.



## The British Bank of the Middle East

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## UK COMPANY NEWS

Maxwell takes control of the Oyez publishing business

## Buying a slice of British legal history

BY CHARLES BATHCHELOR

JUST THREE years short of its centenary, the reasonably titled Solicitors' Law Stationery Society has become part of Mr Robert Maxwell's fast growing office and service supply group Hollis Bros ESA.

Solicitors' Law, which trades under the less cumbersome name of Oyez, is a specialist printer of legal, business and official forms, including Hansard for the House of Lords. It is also an important supplier of computer systems for solicitors and other offices.

Mr Maxwell launched his bid yesterday through his private publishing company, Persimmon Press, but the plan is to transfer control of Solicitors' Law to Hollis Bros ESA as soon as possible. Hollis had no spare authorised capital available with which to make the bid, Henry Ansbacher, Mr Maxwell's merchant bankers, said yesterday.

Hollis ESA (the initials stand for Educational Supply Association) is a timber merchant and supplier of metal and wooden furniture, schools, offices, schools and hospitals.

To raise the cash to pay for the deal, Persimmon yesterday sold 4.6m Hollis shares at 70p each to City institutions. This reduced Persimmon's stake in Hollis from 80 per cent to 75 per cent.

The Persimmon bid was not agreed in advance — Solicitors' Law chairman, Sir Edward Singleton, was out of the country yesterday, but the company said it was "delighted" that uncertainty over its future had been resolved.

Persimmon yesterday bought a 50.2 per cent stake in Solicitors' Law from The Thomson Organisation to add to its existing holding of 24.1 per cent.

Persimmon then went on to offer 35p for each Solicitors' Law share not already owned in a deal which values the company at £4m.

An ebullient Mr Maxwell, buoyed by Oxford United's 1-0 victory over Shrewsbury on Wednesday which practically guarantees his club's promotion to First Division football, said: "I bought a holding many years ago. I believe that we know how to make Solicitors' Law very successful. We were content to wait until Thomson were ready to sell. They were ready and we said 'snap'."

"It is a nice fit with Hollis and it also goes with our educational publishers, Waterlow which produces The Lawyer magazine for the Law Society."

Solicitors' Law shares fell 4p to 37p yesterday.

The company was incorporated in 1888 to provide stationery, printing and office supplies to the legal profession.

It went public in 1914 but it was not until 1970 that the board removed the restriction which limited share ownership to solicitors and employees of the company.

It was the opening up of Solicitors' Law's shareholder role to outsiders which cleared the way for an £8m bid from Slater Walker Securities in 1971.

This bid valued the company at no less than 55p per share — nearly 17 times the Maxwell offer — but Slater Walker had its eye on Solicitors' Law's Fetter Lane offices, then valued at about £5m.

As soon as the bid went through, the Slater Walker formula was applied. The plum Fetter Lane site was stripped out and Solicitors' Law moved to the offices it still occupies in Long Lane.

In August 1982, just over a year after the successful bid, Slater Walker sold a 48 per cent holding in the company to Thomson, offering another 44 per cent stake to the public. Slater Walker finally pulled out altogether by the mid 1970s.

Towards the end of the decade things were turning sour for Solicitors' Law as it tried to broaden the scope of its activities. It expanded into stationery, printing and book publishing in Belgium and France but mounting losses forced it to pull out of these businesses in 1970.

A year later the company's Canadian associate suffered setbacks and the present board, headed by Sir Edward Singleton, and Mr John Swanborough, managing director, were brought in.

It was around this time that Mr Maxwell first took an interest in Solicitors' Law. British Printing Corporation (as it was then known) was on the verge of buying Oyez Press, the printing subsidiary for £2m when the deal broke down over the valuation of its Bermondsey printing works.

During 1981 Mr Maxwell began building up a sizeable stake in Solicitors' Law.

Another deal aimed at strengthening Solicitors' Law financial position did go through later that year. It sold its publishing division — incorporating such mouthwatering titles as Dymond's Death Duties and Wilkinson's Road Traffic Offences — to Pearson Longman for £2.2m.

But its problems had taken their toll and Solicitors' Law suffered three years of losses between 1980-82.

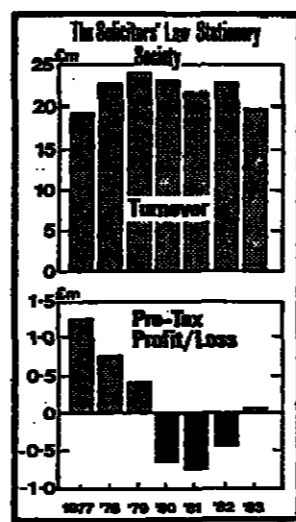
It returned to profit — of just £70,000 on turnover of nearly £20m — in 1983. The company remained in the black with a profit of £102,000 in the first half of 1984 but this was less than half the £230,000 profit recorded in the first half of 1983.

Compared with the golden years in the early 1970s when profits comfortably exceeded £1m on turnover of £9m, Solicitors' Law has fallen on very hard times.

But it is an ill wind which blows no good and the problems of Solicitors' Law have given Mr Maxwell his chance to buy a slice of British legal history.



Mr Robert Maxwell... "I believe that we know how to make Solicitors' Law very successful"



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## House of Fraser rises 24% to record £48m

IN LINE with the estimate included in the offer to shareholders from the Al-Fayed brothers on March 23, House of Fraser has achieved record pre-tax profits for the year ending January 26, 1985 of £48.16m against £38.76m previously — a 26 per cent increase. Most of this was earned in the second half, with profits of £27.43m announced half way.

Turnover for this department store group, which includes Harrods, rose from £282.1m to £330.11m, excluding VAT, and the directors say that all of the profits increase has been derived from trading activities, and reflects an improving profit performance from most sectors of the group.

House of Fraser changed hands early last month, and the new owners, the Al-Fayed brothers, are "working constructively" with the group's management and encouraging the continuation of present business policies. The directors report that trading results in the early weeks of the new financial year are encouraging.

A special 3.5p interim dividend was also announced at the time of and in connection with the offer to shareholders, bringing the year's total to 6.25p. For 1984-85 a total of 8.5p was paid, including a second interim of 5p. The group's stated net earnings per 25p share are shown little changed at 15.2p (15.9p).

After a substantially higher tax charge of £20.18m (£9.51m) net profits were down from £28.86m to £27.96m. There were extraordinary items which included £197,000 (£398,000) being the surplus on sale of properties less associated closure costs, as well as the costs of extraordinary general meetings and various government inquiries.

Retained profit amounted to £18.15m (£14.82m).

## Habitat denies Debenhams bid is imminent

Habitat Mothercare, the household goods retailer, yesterday strongly denied that it was about to bid for Debenhams, the stores group.

A statement by the Habitat Mothercare board said it was disturbed by continued speculation in the press yesterday that a bid was imminent.

"Such speculation can only have a disruptive and confusing effect upon the employees and shareholders of both groups."

Last January, Sir Terence Conran, Habitat's chairman, made an approach to Debenhams but was unable to conclude an agreed bid, his stated pre-condition to a deal.

Since then, Debenhams' shares have been the subject of feverish speculation with the stock market trying to identify potential predators.

Debenhams' shares closed at 267p, up 5p on the day. Habitat Mothercare climbed 5p to close at 348p.

Associated British Industries has taken an option to purchase the entire share capital of VBM Chemicals at a date after July 1 1985.

## Whatman lifts dividend as profits top £4.6m

WITH PROFITS up by over £1m Whatman Reeve Angel, manufacturer and marketer of laboratory supplies, is lifting its dividend for 1984 by 2.2p to 10p net.

The directors say the current year has started well and add that the longer term outlook "remains strong".

For 1984 turnover improved from £23.92m to £33.55m and at the trading level profits rose by £1m to £4.61m. Both were helped by exchange rate movements, though the underlying progress of the group was satisfactory.

As a significant proportion of group output is exported, the directors are to cover forward a significant part of expected future revenues in foreign currencies to reduce the impact of exchange fluctuations.

Pre-tax profits rose from £3.47m to £4.62m after adding in interest receivables of £15,000 against a previous charge of £208,000, and deducting £201,000 (£130,000) for the employee share scheme.

Tax rose to £2.23m (£1.79m) and extraordinary debits this time accounted for £215,000. Attributable profits totalled £2.15m (£1.2m).

Basic earnings jumped by over 42 per cent to 55.37p per share, helped by a reduction from 51.6 per cent to 48.1 per cent in the overall tax charge and by purchases by the group of its own shares. The final dividend is 6.6p (5.1p).

For the Balston division 1984 was a year of major expansion in terms of marketing, production and new products.

A new marketing subsidiary was set up in Singapore and another such subsidiary was established this year in France. The division expanded its capacity for the production of filter elements both in the U.S. and the UK.

A major marketing effort was made by Whatman International, with the introduction of Whatman mail order catalogues in the U.S. and the UK.

The directors say this has opened up new opportunities for Whatman papers in industrial markets such as high efficiency air filtration and battery separators. They add that the successful exploitation of this new technology will add significantly to the division's long-term growth potential.

The directors are proposing to sub-divide the 25p shares into five ordinary of 5p each.

## Capital expenditure and interest costs hit Quick

INCREASED capital expenditure and losses in the second half of 1984 resulted in a drop in pre-tax profits to £117,000, against £332,000, for H. & J. Quick Group, Manchester-based Ford main dealer.

Mr Norman Quick, the chairman, says the reduced profits are "clearly unsettling" but points out that 1984 should be seen as a year of "significant change and development."

Although turnover was maintained at £93.2m (£92.72m) margins were squeezed in the latter part of 1984, resulting in a 7 per cent decline in operating profit to £1.05m (£1.11m).

Capital expenditure of £593,000 (£260,000) and restructuring costs of £109,000 contributed to an increase of 20 per cent in interest charges to £224,000 (£79,000).

Mr Quick says the restructuring culminated with the appointment of Mr Tim Worrall as managing director, who has already instituted major changes in key management areas and has taken steps to tackle problems caused by high interest charges.

During the year capital investment was undertaken at Bury, and a new service and parts facility opened in February, with "encouraging" initial results.

Looking ahead, Mr Quick is encouraged by the way the company has settled down following restructuring. Aggressive marketing, including the opening of the Old Trafford "superstore," has spurred new vehicle sales in the first quarter and group performance is encouraging in a continuing highly competitive market.

Shareholders receive an unchanged 2p final dividend, making 2.6p compared with 2.5p.

## Nolton

Mr Andrew Millar, chairman of Nolton, a property and investment building company, has increased his shareholding in the company to 29.9 per cent.

He acquired 889,770 shares at a price of 45p after Nolton made a vendor placing last February in key management areas and has taken steps to tackle problems caused by high interest charges.

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## WATMOUGHS (HOLDINGS) PLC

## Turnover and profit at record levels

	1984	1983	Increase
Group turnover	£27 million	£22.5 million	20%
Profit before tax	£2.3 million	£2.1 million	10%
Dividend per share	6.25p	5.21p*	20%

\* Adjusted for the increased capital (1984 scrip issue — 1 for 5)

## Progress continues in specialised markets

- \* Considerable growth achieved in gravure printing of quality magazines, brochures and colour supplements.
- \* Substantial advances continue to be made in security printing and packaging.

## 1985 prospects

- \* Major magazine contracts obtained including YOU magazine, The Mail on Sunday colour supplement.
- \* Rights issue successfully concluded to finance major expansion programme.

Annual report available from the Secretary, Ltd., Bradford, West Yorkshire BD10 8NL

This announcement appears as a matter of record only



## FIRST NATIONAL SECURITIES (HOLDINGS) p.l.c.

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Chase Manhattan Capital Markets Group

Funds provided by

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Allied Irish Investment Bank plc  
Barclays Bank PLC

Kleinwort, Benson Limited  
County Bank Limited  
Bank of America NT & SA  
Lloyds Bank Plc

National Westminster Bank PLC

Agent Bank

The Chase Manhattan Bank, N.A.

April 1985

This announcement appears as a matter of record only



## FIRST NATIONAL SECURITIES LIMITED

£200,000,000

MEDIUM-TERM CREDIT FACILITY

Lead managed by

Kleinwort, Benson Limited

Chase Manhattan Capital Markets Group

Funds provided by

The Chase Manhattan Bank, N.A.  
Manufacturers Hanover Trust Company  
Bank of Montreal  
Westdeutsche Landesbank Girozentrale  
Creditanstalt-Bankverein  
Samuel Montagu & Co. Limited  
Westpac Banking Corporation  
Baring Brothers and Co., Limited  
Grindlays Bank p.l.c.  
The Mitsubishi Bank, Limited  
N. M. Rothschild & Sons Limited

Kleinwort, Benson Limited  
Bank of America NT & SA  
Canadian Imperial Bank of Commerce  
Algemene Bank Nederland N.V.  
Hill Samuel & Co. Limited  
J. Henry Schroder Wagg & Co. Limited  
Amsterdam-Rotterdam Bank N.V.  
Robert Fleming & Co. Limited  
Mellon Bank  
Morgan Grenfell & Co. Limited  
Bank of Ireland

Agent Banks

The Chase Manhattan Bank, N.A.

Kleinwort, Benson Limited

April 1985

## NOTICE TO LOMBARD DEPOSITORS

Rate for depositors entitled to receive gross interest	Rate for depositors entitled to receive net interest	Gross equivalent to a basic rate
<b>14 Days Notice</b> Minimum deposit is £2,500		
<b>12%<sup>3</sup>/<sub>8</sub> p.a.</b>	<b>9.62%<sup>3</sup>/<sub>8</sub> p.a.</b>	<b>13.74%<sup>3</sup>/<sub>8</sub> p.a.</b>
<b>Cheque Savings Accounts</b> When the balance is £2,500 and over		
<b>12%<sup>3</sup>/<sub>8</sub> p.a.</b>	<b>9.25%<sup>3</sup>/<sub>8</sub> p.a.</b>	<b>13.21%<sup>3</sup>/<sub>8</sub> p.a.</b>
When the balance is £250 to £2,500		
<b>10%<sup>3</sup>/<sub>8</sub> p.a.</b>	<b>7.75%<sup>3</sup>/<sub>8</sub> p.a.</b>	<b>11.07%<sup>3</sup>/<sub>8</sub> p.a.</b>

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## Granville &amp; Co. Limited

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## Over-the-Counter Market

High	Low	Company	Price	Change	Gross Yield	FY	Fully
144	123	Ass. Bnt. Ind. CULS...	143	—	6.6	4.4	7.9
151	125	Ass. Bnt. Ind. CULS...	149	—	10.0	6.7	—
177	51	Airspang Group...	55	—	8.4	11.6	8.1
42	26	Armstrong and Rhodes...	33	—	2.8	8.8	1.1
148	108	Barton Hill	143	+1	3.4	2.4	14.4
58	42	Bray Technologies	50ad	—	3.9	7.8	6.1
201	170	CCL Ordinary	170	—	12.0	7.1	—
152	110	CCL 17pc Conv. Pref.	110	—	15.7	13.8	—
1200	100	Carborundum Ord.	1200	—	48.0	4.1	5.9
85	84	Carborundum 7.5pc Pl.	88	—	10.7	12.2	—
73	49	Deborah Services	49	—	6.5	13.3	4.7
314	152	Frank Horsell	314	—	10.7	12.2	—
288	170	Frank Horsell Pl. Ord.	282	—	9.6	3.6	10.5
32	25	Frederick Parker	28	—	—	—	—
58	33	George Blair	57	—	—	—	—
210	22	Ind. Precision Castings	22	—	2.7	12.3	6.0
158	186	Isis Group	189	—	15.0	7.9	7.5
124	101	Jackson Group	105	—	4.9	4.7	9.5
285	213	James Burrough	243	—	12.7	5.6	8.6
83	83	James Burrough Spc Pl	87	+2	12.9	14.8	—
87	71	John Howard and Co.	87	—	5.0	5.7	6.9
217	100	Lingusphone Ord.	217	—	—	—	—
100	53	Lingusphone 10.5pc Pl.	98	—	15.0	15.3	—
650	300	Minihouse Holding NV	650	—	3.8	0.6	46.8
120	31	Robert Jenkins	50	—	5.0	10.0	—
50	28	Scutrons "A"	34	—	5.7	16.8	17.8
82	61	Torday and Carlisle	76	—	—	—	—
444	330	Trevan Holdings	330	—	4.3	1.3	18.8
30	17	Unilock Holdings	30	—	1.3	4.3	21.0
180	81	Walter Alexander	86	—	7.5	7.9	8.4
247	216	W. S. Yeates	218	—	17.4	8.0	6.2

Prices and details of services now available on Prestel, page 48146

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## OLD COURT CURRENCY FUND LIMITED

	£	US\$	11.84%
Sterling	10,536	13,768	13.04%
Australian Dollar	AS 20.894	51.18	8.28%
Canadian Dollar	CS 20.894	51.18	8.28%
Dutch Guilder	DFL 157,622	40,937	5.55%
Danish Krone	DKr 157,622	40,937	7.95%
Deutschmark	DM 157,622	40,937	4.55%
Belgian Franc (FIN)	Bfr 104.46	104.46	8.20%
French Franc	FFr 104.46	104.46	9.44%
Hong Kong Dollar	HK\$ 104.46	104.46	6.37%
Italian Lira	L 26,679	10,399	10.39%
Singapore Dollar	S\$ 30,785	10,399	4.26%
Swiss Franc	Sfr 15,613	15,613	7.52%
US Dollar	\$ 3,592.55	3,592.55	4.98%
Japanese Yen	Y 10,031.81	10,031.81	—
Man Stg	£ 7,3086	—	—

## UK COMPANY NEWS

## Vehicle operations drive Hestair down to £1.36m

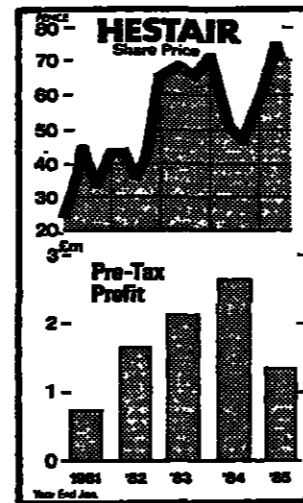
SHARPLY HIGHER interest charges together with a downturn by its special vehicles side more than outweighed advances by most of Hestair's other operations and left group pre-tax profits for 1984-85 down by £1.25m at £1.36m.

However, the dividend total is being held at 3.575p net per 25p share by a same-gain final of 2.075p.

Group turnover for the 12 months ending January 31 advanced from £99.66m to £118.96m.

A divisional breakdown of pre-tax profits shows: special vehicles £276,000 (£1.62m), farm equipment £294,000 (£276,000), stationary and educational supply £1.36m (£1.35m), toys £612,000 (£538,000) and employment bureau £1.46m (£610,000).

Interest charges accounted for £2.45m (£1.4m) and central costs for £391,000 (£253,000). At the six months' stage the group swung from profits of £1.31m to losses of £107,000. The directors blamed the results on continuing difficulties at Dennis, higher-than-expected costs of reorganising Dennis Coach-builders and a temporary disruption to output caused by "idleness" of the move to larger premises.



Mr. Hargreaves said there was only likely to be a modest improvement in the pre-interest profits of the division this year. But elsewhere, the employment agency business had got off to a "very good start" with profits "extremely buoyant."

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## Fergabrook exceeds forecast by £0.3m

Fergabrook Group, distributor of toys, inflatable goods, toiletries and leisure goods, has beaten last September's USM prospectus pre-tax profit forecast by £330,000.

Profits for 1984 rose more than eight-fold from £335,000 to £2,550m on turnover of £19.75m against £5.64m.

As promised the final dividend is 2p making a total payout of 3.2p, which is covered nearly four times by earnings of 12.7p per share.

To provide the basis for future expansion of its business, Fergabrook has recently commenced marketing hardware items under its own brand name, and is also planning a range of character-related toiletries.

## Perry slightly up at £3.5m despite fall in new car sales

Harold Perry Motors, London-based Ford main dealer, reported a slight increase in pre-tax results for 1984 from £3.4m to £3.51m, despite reduced new car sales and lower profits from commercial vehicles.

While new car sales were one per cent lower, profits produced were nine per cent higher. In contrast, commercial vehicle sales increased by nine per cent, but profits fell by 32 per cent.

Trading activities other than new vehicle sales provided 74 per cent of total group profits, with "satisfactory increases" from accident repairs, industrial power products, self drive hire, and hire purchase.

The taxable result was on turnover of £132.88m, against £122.59m. It included a credit of £250,000 in respect of a life assurance policy and was struck after higher interest charges of £864,000 compared with £571,000.

25p share were 0.6p higher at 10.7p.

Mr. Perry said the company was virtually unchanged at 1.57m. There was an extraordinary credit of £2,020m (£1.53m). Dividends will absorb £767,000 (£721,000), leaving a retained balance of £1,253m (less £600,000 after a deferred tax adjustment of £1.74m).

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## BOARD MEETINGS

Company	Date
Radio City (Snd. of Mryade.)	May 20
Royal Bank of Scotland	May 3
Spencer Clark Metal Inds.	May 21
Trans. Const. Land and Expl.	May 2
Finals	—
Air Cell	May 3
Ambrase Investment Trust	May 7
Boat (Henry)	May 7
Britannia Arrow	May 7
British Home Stores	May 30
Dorland Stamping	May 23
French Kier	May 29
Geens Gross	May 8
Holy (Joseph)	May 8
Jacks (William)	May 30
PSM International	May 30
Paul Michel Leuninger	May 7
Polymark International	May 29
Pratt, Smith and Sndrid. News	May 30
Roberts, J. and J.	May 30
Singapore (H. C.)	May 29
Winn Investments	May 1
Yelverton Investments	May 1

## Helical Bar optimistic as losses recede

AN IMPROVEMENT in the second half for Helical Bar reduced the full year losses of this steel fabrication and stock-holding group to £33,000 compared with £600,000 previously.

For the year to February 2 1985 the group increased turnover slightly from £6.5m to £6.8m, but suffered an operating loss of £67,000 against £84,000. The second half operating profit of £48,000 was boosted by a "worthwhile" contribution from the new property subsidiary, the directors say.

For the current year they say that, founded on the experience of 1984 and the first quarter of 1985, there is room for optimism. There are still weaknesses in the structure of the reinforcement industry, leading to the risk of price cutting.

Net profits in 1984 amounted to £1.7m (£179,000) after tax of £370,000 (£156,000). After all charges the retained balance was £1.19m (£733,000 inclusive of a £54,000 extraordinary credit).

Shareholders' funds at the year-end totalled £5.8m (£3.69m) and cash at bank and in hand amounted to £564,000 (£34,000). Net current assets were £1.09m (£1,165,000).

The annual general meeting will be held on May 31.



## BCCI HOLDINGS (LUXEMBOURG) SA

39 Boulevard Royal, Luxembourg

## Consolidated Financial Statement 1984

## Consolidated Statement of Condition as at December 31, 1984

ASSETS	US\$ 1984	US\$ 1983	CAPITAL FUND AND LIABILITIES	US\$ 1984	US\$ 1983
Cash and			Capital: Authorised	500,000,000	500,000,000
Due from Banks	6,411,632,496	5,612,340,300	Issued and Paid-up	419,500,000	315,000,000
Loans and Advances			Proposed Stock Dividend	24,125,000	26,250,000
(less provision for			General and Other Reserves	297,828,703	249,882,441
possible loan losses)	5,153,414,196	4,859,225,978	Retained Earnings	60,984,606	74,585,255
Investment in			Loan Capital	68,500,000	50,000,000
Securities and Other			Minority Interests	107,931,560	91,975,287
Dealing Assets	2,037,194,555	1,108,117,912	Total Capital Fund	1,008,869,869	817,692,983
Investment in			Fluctuating Rate Notes	50,000,000	50,000,000
Affiliates	97,435,634	100,821,836	Due to Banks	2,222,123,987	1,727,530,282
Short-term			Demand Deposits	2,485,881,138	2,327,228,319
Receivables	310,691,254	286,313,889	Savings and Time Deposits	8,026,349,731	6,927,263,006
Premises and			Accrued Interest on Deposits	217,209,622	160,590,630
Equipment	188,485,252	179,346,277	Other Funds	—	—
Other Assets	149,916,709	163,183,261	Total Deposits and	13,011,764,478	11,192,609,177
Total Assets	14,348,770,096	12,309,249,453	Other Funds	—	—

## Consolidated Statement of Earnings for the year ended December 31, 1984

INCOME	US\$ 1984	US\$ 1983	PROFIT	US\$ 1984	US\$ 1983
Interest Income	1,304,145,072	1,073,568,099	Taxation	277,873,512	278,333,340
Income on Invest-			(76,832,459)	(77,582,409)	
ments and Other			Profit after Taxation	201,041,053	200,750,931
Dealing Assets (Net)	126,520,153	84,221,957	Minority Interests	(20,737,812)	(23,809,156)
Commission & Exchange	180,233,357	147,047,858	Profit for the year	180,303,241	176,941,775
Other Income	46,914,831	40,061,670			
	1,657,813,413	1,344,899,584			
EXPENSES			STATEMENT OF RETAINED EARNINGS		
Interest Paid	974,890,128	717,736,134	At beginning of year	74,585,255	40,612,930
Salaries & Related Costs	126,716,299	111,609,203	Transfer to General Reserve	180,303,241	176,941,775
Occupancy Expenses	46,672,000	42,432,879	Profit for the year	254,888,496	217,554,705
Depreciation on					
Premises and Equipment	24,672,058	19,317,951	Appropriations		
Other Expenses	121,378,295	92,236,415	Dividends	(68,250,000)	(52,500,000)
	1,294,328,780	983,322,582	Stock Dividend	(34,125,000)	(26,250,000)
Loan Loss Provision	85,611,121	83,343,662	Transfer to Legal Reserve	(11,225,887)	(11,852,980)
	1,379,939,901	1,066,566,244	Transfer to General Reserve	(37,303,003)	(29,366,460)
			Other Appropriations	(23,000,000)	(23,000,000)

## Financial Highlights

Capital Fund	US \$ 1,008 million
Deposits	US \$ 10,512 million
Loans and Advances	US \$ 5,153 million
Total Assets	US \$ 14,348 million
Profit before Tax	US \$ 277 million
Capital/Assets Ratio	exceeds 7%
Branches and Offices in	70 Countries

## Principal Subsidiaries

Bank of Credit & Commerce International S.A., Luxembourg.  
Bank of Credit & Commerce International (Overseas) Ltd., Grand Cayman.

## Subsidiaries, Affiliates and their branches/offices in the following countries

Australia	France	Jordan	Netherlands Antilles	Sudan
Bahamas	Gabon	Kenya	Niger	Swaziland
Bahrain	Germany (West)	Korea (South)	Nigeria	Switzerland
Bangladesh	Ghana	Kuwait	Oman	Thailand
Barbados	Gibraltar	Lebanon	Pakistan	Togo
Botswana	Grand Cayman	Liberia	Panama	Turkey
Brazil	Hong Kong	Luxembourg	Paraguay	UAE
Cameroon	India	Macau	Philippines	United Kingdom
Canada	Indonesia	Malaysia	Portugal	Uruguay
China	Isle of Man	Maldives	Senegal	USA
Colombia	Italy	Mauritius	Seychelles	Venezuela
Cyprus	Ivory Coast	Monaco	Sierra Leone	Yemen (North)
Djibouti	Jamaica	Morocco	Spain	Zambia
Egypt	Japan	Netherlands	Sri Lanka	Zimbabwe



## ICI first three months 1985.

## Progress maintained

The Board of Directors of Imperial Chemical Industries PLC announce the following unaudited trading results of the Group for the first three months of 1985, with comparative figures for 1984.

1984 First Three Months £m	1985 First Three Months £m	1985 First Three Months £m
588	2,346	602
1,477	6,474	1,856
2,065	8,820	2,458
305	1,089	257
2,370	9,909	2,715
245	1,034	267
107	440	115
-90	-373	-99
155	661	168
-9	-56	-13
146	605	155
-	-20	-
146	585	155
23.9p	98.2p	24.8p

\*Abridged audited accounts.

Group turnover in chemicals during the first quarter of 1985 was £2,458m, an increase of £393m (19%) on the first quarter of last year. Higher sales volume, including 3% provided by acquisitions, accounted for 8% of the increase in turnover, the rest coming from exchange rate movements and price increases. Trading conditions during the first quarter of 1985 were similar to those at the end of last year.

Profit before tax was £267m, an increase of £22m over the first quarter of 1984 and £13m over last quarter. Agrochemicals and pharmaceuticals maintained the improved levels of profitability achieved in recent quarters, as did petrochemicals and plastics. Fibres, specialty chemicals and polyurethanes had a good quarter. Profits in the oil business were down from £26m in the last quarter of 1984 to £22m, with some reduction in volume and an increase in petroleum revenue tax payable to £47m.

Territorially, sales and profits were stronger in Western Europe than in the United States and the Rest of the World, due partly to seasonal factors.

The following table summarises the quarterly sales to external customers, and profit before tax.

	Chemicals Turnover £m	Oil Turnover £m	Profit Before Tax £m
1984			
1st Quarter	2,065	205	245
2nd Quarter	2,222	213	287
3rd Quarter	2,303	266	248
4th Quarter	2,330	305	254
Year	8,920	1,089	1,034
1985 1st Quarter	2,458	257	267

The change for taxation, which excludes petroleum revenue tax, for the first three months of the year amounted to £99m (first quarter 1984 £90m), comprising £62m of corporation tax (£66m) and £37m taxation of overseas subsidiaries and related companies (£24m). UK corporation tax has been provided at 41.25%, the expected average rate for the accounting year 1985.

Trading results for the first six months of 1985 will be announced on Thursday 25 July 1985.



Imperial  
Chemical  
Industries  
PLC

## UK COMPANY NEWS

## Yule Catto profits jump by 58% to more than £12m

AN INCREASE of 58 per cent was achieved in the taxable result of Yule Catto & Co for 1984. With turnover ahead by 15 per cent at £128.78m against £111.6m previously, profits rose from £7.68m to £12.01m.

The profit compares with a forecast of £11.5m made at the time of the abortive bid for Donald Macpherson.

At the interim stage, with profits of £12.01m, the directors intended to recommend a final dividend of 3.25p net. They are now proposing a 3.75p (2.5p) final, making a total for the year of 6p (4p).

The group, which has interests in plantations, industrial chemicals and building products, has shown its net earnings higher at £2.7p (18.8p) per 10p share, and on a nil basis at 24.1p (17.3p).

The directors say that although the volatility of currencies and the variability of economic indicators make predictions unreliable, the current year has started well for a majority of the operating companies, and they hope this can be maintained.

It is unlikely that the plantation company will enjoy the same average levels of commodity prices as were achieved in 1984, they say, but the additional plantation acreage should help to compensate.



Lord Catto, chairman of Yule Catto

In July 1984, the Malaysian subsidiary, Yule Catto Plantations, acquired a company owning 1,738 hectares of largely mature oil palm. This new estate at Keratong in Pahang state has enabled the plantation company to replenish acreage sold over recent years for housing development and Government schemes.

The directors add that further progress is expected to be made by the UK industrial units.

## ● comment

During its unsuccessful battle for Macpherson last year, Yule Catto forecast a 51 per cent increase in 1984 profits—a forecast it has beaten by a comfortable margin. While profits from industrial chemicals and building products moved ahead slightly, it was the plantation division that was the star performer. Despite a 30 per cent fall in the rubber price in 1984, plantation profits more than doubled thanks to rising palm oil prices and an improved yield. The contribution from an estate in Malaysia acquired in July, has also added to the company's acreage by a third. A strong year of increased profits is in store for 1985. A full year's contribution from the Malaysian estate should more than offset the effects of immediate needs. The sale of the Goal Petroleum stake last month will do wonders for Yule's balance sheet by eliminating borrowings entirely, and by simultaneously avoiding a hefty interest charge will give profits a boost. A forecast 23.5m for 1985 at a tax rate of 40 per cent puts the shares at 23.5p on a p/e of 6. The yield is 3.6 per cent.

## Memec rights for German buy

Memec (Memory and Electronic Components), a high-technology distribution company, is raising £10.5m with a one-for-six rights issue, at 285p a share, to pay for a West German acquisition and to help fund the group's rapid expansion.

The funds will allow Memec to complete the purchase of Metronik, a West German components distributor, for £4.58m, and to put £2m into Insight Electronics, a new venture in distribution in San Diego, California. The remaining cash will be used to support the group's sales growth in the UK, West Germany and the U.S.

Mr Colin Stevens, finance director, said: "We have some fairly substantial opportunities for new distribution franchises. The market has been tough, but our success in it has been encouraging."

Memec last month announced pre-tax profits for 1984 up 60 per cent to £4.5m on sales

which increased by 91 per cent to £34.43m.

The stock market yesterday welcomed the rights issue with a 10p jump in the shares to 350p. Memec was floated in 1981 at 120p.

Mr Stevens and his fellow directors and their families, and Mr Werner Stolz, a former director, are taking up only a small proportion of their rights issue entitlement. As a result their combined holdings will fall from over 43 per cent to 37.8 per cent of the equity.

All but 110,000 of the 1.85m shares to which these shareholders were entitled are being placed with institutional investors at a 27p premium by merchant bank Charterhouse Japhet, which has also underwritten the remainder of the issue.

## ● comment

It would have been tidier of Memec to have announced this rights issue at the time of its

1984 results news a month ago. But the details of the Metronik deal had still to be sorted out by two separate announcements. It had to be. Memec is wise both to make a rights issue and to ask shareholders for rather than immediate needs.

It has issued shares to fund acquisitions in the past year, including a 25 per cent of the Metronik purchase. It was unlikely to match the interests of shareholders further with a vendor placing. Equally, it is clear that despite the recent fall in the electronic component market, Memec's working capital needs will continue to grow to support increasing sales. This expansion is unlikely to match 1984's heady growth but Memec should still reach £8m pre-tax this year, putting the shares on a multiple of 17.5 on an ex-rights price of 285p.

The shares may suffer from the general worries now surrounding the sector but should ride the storm better than most given Memec's strong track record.

## Offshoot sale hits Sumner

Losses deepened in 1984 at Francis Sumner (Holdings), but the £288,000 taxable deficit is more than accounted for by losses incurred on the sale of subsidiaries, at £298,000. Without these, there would have been a profit of £12,000 pre-tax, compared with a loss of £198,000 last time.

Group turnover of this textiles and clothing concern declined from £4.82m to £3.85m, and the directors say that market conditions are still difficult. In view of this, they have decided since the year end to close the mill of its Cotton and Rayon Spinners offshoot.

Closure costs of £85,000 (nil) have been included in the 1984 extraordinary debit of £53,000 (£58,000). The directors say that the remaining activities are profitable and the group remains "in a sound financial position."

There is again no dividend, the last having been paid in 1981. Losses per share before extraordinary items came out at 0.97p against 0.5p after a £25,000 tax credit (charge £44,000).

Other elements of the extraordinary debit were: profit on disposal of subsidiaries £110,000 (loss £36,000); profit on disposal of listed investments £91,000 (nil); loan provision £168,000 (nil).

## Marlborough boosted by increased rental income

RENTAL INCOME of Marlborough Property Holdings is continuing to rise and for the 1985 year is expected to exceed £1m.

This reflects a number of significant rent reviews within the group's investment portfolio, income from developments due to be completed in the year and acquisitions.

For the past year gross rental income rose from £588,000 to £688,000, which, together with a profit of £12,000 pre-tax, income from developments due to be completed in the year and acquisitions.

An increased final dividend of 0.35p lifts the net total from 0.5p to 0.85p per 5p share.

A directors' valuation of all the company's bank sites and developments indicates an additional asset value of 16p per share before tax.

The total of 50p per share represents an increase of approximately 19 per cent over last year and 67 per cent in the past four years.

During the year further properties and development sites were acquired.

All bear close proximity to the M25 and reflect the directors' continuing policy of the build-up

of rental income and asset value, allied to development and trading activity.

The acquisitions increased borrowings and although the high level of interest rates had an adverse effect, particularly where development sites are being assembled with long-term objectives, the directors will continue to charge interest to revenue in this respect.

They say, however, that increases in the company's rental income will assist in offsetting the level of interest charges.

A number of other small purchases have been concluded, all located in Surrey, all of which give the benefit of immediate income, together with medium-term development prospects.

The directors will continue with their policy of acquiring well located investment and development sites in the south-east.

They say the timing of trading profits may continue to affect overall profitability when looked at in a yearly cycle.

However, the prime concern is to continue to increase the group's asset base.

Tax for 1984 took £85,000 (added £20,000). The available balance emerged at £473,000 (£402,000) after taking in profits from the sale of investment properties amounting to £51,000 (£73,000).

## MINING NEWS

## Inco debt redemption aids first quarter

CANADA's nickel-producing Inco earned a net \$12.1m (\$9.9m), or 5 cents per share, in the first quarter of 1985 after including gains of almost \$12m from the retirement of long-term debt and the sale of venture capital securities, reports Bernard Simons from Toronto.

The latest earnings compare with \$4.5m in the final quarter of last year when there were pre-tax gains of \$10m from retirement of debt and the sale of North American oil and gas properties. In the first quarter of 1984 Inco incurred a loss of \$35.1m after some \$18m severance costs and equipment write-offs.

In the latest quarter operating income rose to \$46m, its highest since mid-1981, mainly as a result of lower unit costs and modestly higher prices for nickel.

Sales of nickel rose to 96m lb from 90m lb in the first quarter of last year while cobalt shipments advanced to 800,000 lb from 590,000 lb. Stocks of finished nickel fell to 82m lb from 85m lb at the end of 1984.

At the annual meeting in Toronto, Mr Charles F. Baird, chairman, said: "The modest profit earned in the first quarter will, we hope, lead to better results as the year progresses."

He pointed to the improved demand for nickel in the first quarter and the continued fall in both producer and London Metal Exchange stocks to about 275m lb.

This, coupled with the weakness of the U.S. dollar, has been reflected in firmer cash prices for the metal. Mr Baird commented that Inco's price realisations lag behind the LME.

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## Asarco defence gathers pace on bid rumours

BY KENNETH MARSTON, MINING EDITOR

THE controversial "anti-takeover" proposals of Asarco, which include changes in voting rights, have been put to shareholders of the U.S. metal smelting and refining company at a New York meeting. A second meeting is to be convened on May 6 at which the result of a stockholder proxy vote on the proposals will be announced.

The measures are aimed at warding off a possible takeover bid by Australian entrepreneur Mr Robert Holmes à Court, who has accumulated 8.9 per cent of Asarco's common stock. At the meeting he was asked by a stockholder why he was impressed enough to buy the stock.

He is reported by AP from New York to have replied: "I bought thinking that we were at the bottom of a metal price cycle. I didn't think it (the company) was in good shape."

But I didn't think it could get much worse either. I didn't intend to take an aggressive stand in the management of the company and think the anti-takeover proposals are overkill."

He added that he had not yet formulated a plan with regard to additional purchases of Asarco stock. "I'm still considering it, but in the light of all these changes (the anti-takeover measures) I need some answers before the future takes shape."

Mr Holmes à Court would not be drawn by questioners who wanted to know whether his aim was to gain control of the Australian MINM Holdings, in which Asarco has a stake of 44 per cent. MINM has 15 per cent of Asarco and is expected to vote for the latter's latest proposals.

## MINING NEWS IN BRIEF

Falconbridge, the Canadian nickel producer, earned C\$12.2m (£7m), or C\$1.62 per share, in the first quarter of 1985, compared with C\$7.91m last time. The 1984 total amounted to C\$50.2m, against a loss of C\$16.5m in 1983. The company's annual meeting approved a five-for-one share split and the trading in the new form will begin on April 29.

Better than expected ore tonnage has encouraged the near surface at the Harbour Lights open-pit gold project of Esso Exploration and Carr Boyd Minerals in Western Australia's Eastern Goldfields. Full production is due to be reached in July and gold output of \$3,000 oz is expected in the first year of operation.

Benquet Corporation, a major producer of copper and gold in the Philippines, has decided to omit its usual mid-year dividend owing to low metal prices.

The Western Australian gold producer Sons of Gwalia is negotiating for a gold property adjoining its open-pit mining operation near Leonora. The company is also in talks for the joint venturing of another property some 25km away.

The mine's break-even gold price, including capital repayments, is put at \$275 per oz. Open-pit reserves are 3.4m tonnes grading an average 4.2 grammes gold per tonne.

Mr D. M. K. Sagonda, chairman of Rio Tinto Zimbabwe, predicts in the annual report that if the Zimbabwe gold price remains at a reasonable level "we should increase our earnings per share and also increase our dividend."

He adds that with the breaking of the drought, Zimbabwean should return to making profits.

Following its take-over by Tesaco, Getty Oil is withdrawing from mineral exploration, Little River Goldfields has offered to buy Getty's Australian mineral exploration properties with the exception of the 35 per cent stake in Pangea's mineral deposit.

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# SECTION III - INTERNATIONAL MARKETS

## FINANCIAL TIMES

Friday April 26 1985

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### WALL STREET

## Uncertainty as Fed adds to liquidity

UNCERTAINTIES on Wall Street over the course of Federal Reserve credit policies took a fresh turn yesterday when the Fed acted to help market liquidity after the Federal funds rate moved above 8 per cent for the first time in a week, writes Terry Byland in New York.

But short-term rates remained higher after the Fed's move and bond prices showed further losses, with investors again discouraged by a strong dollar.

The Fed's announcement of four-day overnight system repurchases when the funds stood at 8 1/2 per cent seemed to indicate that the board wants rates to remain at those levels. System repurchases, a semi-permanent addition of reserves, are often regarded as a significant sign of the board's policies.

The stock market held firm, despite the worries over interest rates and the disappointing trend of first-quarter corporate results.

The blue-chip stocks made modest headway later in the session but the advance was slow to spread across the full range of the market. At the close, the Dow Jones industrial average was a

net 6.29 points up at 1,284.78, with turnover at a healthy 109.5m shares.

Standard Oil of Ohio edged up 5/8 to \$47 1/8 on the trading figures, and British Petroleum, the controlling stockholder, traded as an American Depositary Receipt, added 5/8 to \$27 1/4 in brisk business on New York's Big Board. Chrysler at \$37 made no response to the lower profits news.

Unocal, a busily traded takeover stock, was in the limelight again, dipping 5/8 to \$46 1/2 as Wall Street continued to doubt Mr T. Boone Pickens' chances of gaining control. But the shares had rallied from a \$1 fall after Mr Pickens said he would tender his stock for Unocal's offer of \$72 in paper for 49 per cent of the equity.

Meanwhile, Crown Zellerbach jumped \$1 1/4 to \$44, leaving behind Sir James Goldsmith's offer of \$42 1/4 a share for 70 per cent of the equity.

Technology issues, a cause of market weakness recently, remained uncertain. At \$128 1/2, IBM shaded 5/8 lower and Burroughs lost 5/8 to \$64. But some of the recent casualties showed signs of renewed health, notably Texas Instruments, \$14 up at \$94 1/2 and Data General, 5/8 better at \$89 1/2.

Oil stocks, too, looked better. Exxon regained a further 5/8 to \$52 1/2, Atlantic Richfield added \$1 to \$53 and Mobil steadied 5/8 higher to \$50 1/2 on consideration of the trading figures. Occidental Petroleum added 5/8 to \$20 1/2, also in response to first-quarter results.

Du Pont fell 1/4 to \$56 in hefty turnover. The chemical group has been obliged to double to \$245m a charge on first-quarter earnings following a sub-

stantially greater-than-expected response to an employee early retirement plan offer.

But other chemical stocks looked firm, as did the motor sector with the exception of American Motors, 5/8 down at \$34. Slumping sales, plus boardroom changes at American Motors, have inevitably raised the question on Wall Street of how long Renault, the troubled French parent, will adhere to its stated policy of continued support for its ailing U.S. subsidiary.

G. D. Searle slipped 5/8 to \$50 1/2 after disclosing that it will buy 7.5m shares from the founding family, a move which reduced still further the chances of a bid based on a deal with the family stockholders.

Among consumer stocks, Coca-Cola fell a further 1/8 to \$67 1/4 as Wall Street shied away from the plan to alter the secret formula of Coke. Procter & Gamble edged up 5/8 to \$52 1/2 after the decision to drop the corporate logo.

In foods, CPC International, shaded down 5/8 to \$41 1/2 after a profits warning from the boardroom.

The expected bid from Mr Irwin Jacobs for AMF left the stock 5/8 easier at \$20 1/2 - Mr Jacobs is offering \$23 a share for half the equity.

Storer Communications was indicated at \$78 to \$84, against \$74 1/2 ahead of the buyout offer.

A slight softening in the dollar at mid-session brought a mild rally in bond prices, but falls of one quarter point remained widespread. Treasury bill rates were six basis points or so higher, with bank certificates of deposit following suit.

### TOKYO

## Strong rise in thin dealings

THE STRONG advance in share prices continued in Tokyo yesterday, despite the customary thinness of end-of-month trading, writes Shigeo Nishitaki of Jiji Press.

The trend was buoyed by speculative buying of biotechnology and other incentive-backed issues, blue-chip stocks of precision instrument makers and hidden-asset shares. However, shares that had gained strength on active buying in the previous session came in for profit-taking.

The Nikkei-Dow market average gained 118.10 to 12,333.87. Turnover remained slow at 309m shares, compared with Wednesday's 298m. Winning stocks outnumbered losers by 472 to 292 with 154 issues unchanged.

So far, the market has recovered nearly half the 631-point decline suffered between April 3 when the Nikkei-Dow stood at 12,883.26 and April 18 when the measure had fallen to 12,052.82.

Biotechnology and other incentive-backed issues continued to attract buyers. Sanroku-Ocean moved the maximum \$50 up to \$961. Among other gainers were Daiichippon Pharmaceutical, up \$200 to \$4,680, Kaken Pharmaceutical, up \$80 to \$2,850 and Asahi Chemical, up \$15 to \$780.

But Yamanouchi Pharmaceutical and Green Cross fell back on profit-taking, slipping \$80 to \$3,040 and \$80 to \$3,020, respectively.

Daido Steel Sheet went the maximum \$100 up to \$919. It was rumoured that the surge resulted from purchases by a leading car maker or speculators. But uncertainty over the cause for the advance itself helped stir speculative interest.

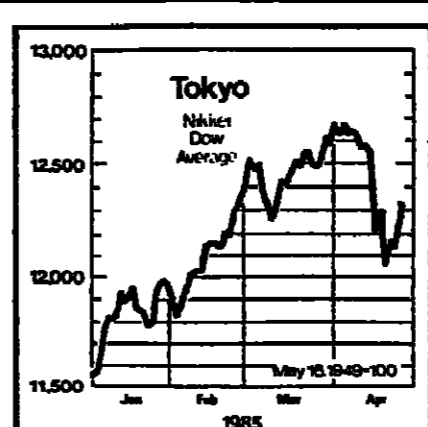
Among other incentive-backed issues, Mitsubishi Steel Manufacturing drew strength from renewed investor interest in its development of amorphous alloys, gaining \$50 to \$570. Nissan Chemical also climbed \$31 to \$459 on speculative interest.

Construction stocks generally moved lower. Tokai Construction, which had benefited the previous day from expectations of government action to stimulate domestic demand, lost \$9 to \$390. The yen's slide against the dollar dragged oil and electric power stocks down.

Sanko Steamship fell back \$11 to \$118, a contrast with its sharp rally the previous day on news of government support for its reconstruction. The stock again topped the active list with 26.02m shares changing hands.

Precision instrument shares were also sought on the strength of good earnings reports. Asahi Optical added \$30 to \$390, Minolta Camera \$28 to \$790 and Nippon Kogaku \$50 to \$1,500.

Mitsubishi rose \$27 to \$513 after announcing a shift to a recurring profit of



Y2,078m in the year ended in February after a heavy loss of Y9,895m in the previous year.

Hidden-asset shares also lured investors. Tokai Corp ranked second on the list of the 10 most active stocks with 7.51m shares, rising \$6 to \$386. Mitsubishi Estate gained \$14 to \$629.

The bond market eased for the third straight session, reflecting a weakening of the credit market in the U.S. and the yen's fall against the dollar.

Institutional investors remained generally passive in view of the forthcoming holidays. The yield on the benchmark 7.3 per cent government bond, due in December 1993, rose to 6.585 per cent from Wednesday's 6.580 per cent.

companies this week. BASF eased 20 pfg to DM 205.30 and Bayer slipped 10 pfg to DM 213.70, but Hoechst firmed 20 pfg to DM 214.50. Bonds were little changed during a very quiet session.

Amsterdam edged ahead although investors were cautious about the future course of the U.S. stock market.

Akzo put on 90 cents to Fl 116.30 after the announcement of its higher first-quarter profits. Among the other major companies, Royal Dutch added Fl 1.50 to Fl 203, while Unilever gained Fl 1 to Fl 349.

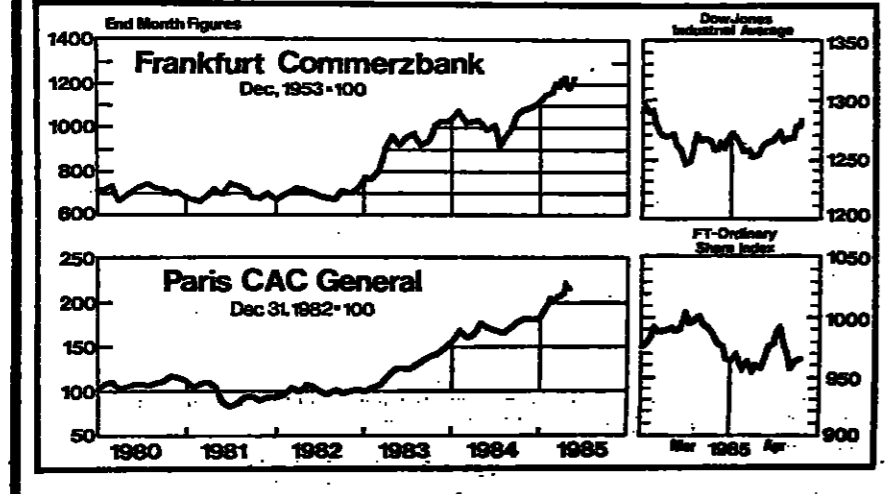
Builder HBG was 20 cents higher at Fl 131.70 ahead of its annual report, which came after the market had closed.

Some profit-taking was seen in banks, with ABN down Fl 1 to Fl 429.50.

Bond prices were unchanged to fractionally lower in very quiet trading. The latest state issue, the 7 1/2 per cent loan due 1991/2000, was unchanged at 99 1/2 per cent, compared with Tuesday's 100 1/2 per cent issue price.

Markets in Sydney and Milan were closed for public holidays.

### KEY MARKET MONITORS



STOCK MARKET INDICES			
	April 25	Previous	Year ago
NEW YORK			
DJ Industrials	1,284.78	1,278.49	1,182.9
DJ Transport	592.89	586.25	494.55
DJ Utilities	154.85	155.26	125.34
S&P Composite	183.43	182.26	158.07
LONDON			
FT Ord	965.6	962.5	908.0
FT-SE 100	1,289.5	1,285.7	1,119.8
FT-A All-shares	621.37	619.82	532.18
FT-A 500	682.71	680.14	579.05
FT Gold mines	515.1	509.3	484.4
FT-A Long gilt	10.59	10.55	10.27
TOKYO			
Nikkei-Dow	12,333.87	12,117.77	10,868.3
Tokyo SE	961.86	955.27	850.2
AUSTRALIA			
All Ord	closed	871.4	759.1
Metals & Mins.	closed	576.2	542.0
AUSTRIA			
Credit Aktien	79.49	79.76	54.97
BELGIUM			
Belgian SE	2,227.72	2,233.86	-
CANADA			
Toronto	2,035.0*	2,028.4	2,145.0
Metals & Mins	2,855.3*	2,848.0	2,321.5
Woodward	131.19*	130.74	112.25
DEM MARK			
Copenhagen SE	192.15	192.7	198.16
FRANCE			
CAC Gen	214.6	213.8	174.4
Ind. Tendance	116.9	116.8	91.7
WEST GERMANY			
FAZ-Aktien	425.47	426.03	351.18
Commerzbank	1,235.6	1,232.7	1,026.4
HONG KONG			
Hang Seng	510.77	517.30	1,092.72
ITALY			
Banca Comm.	closed	274.93	216.78
NETHERLANDS			
ANP-CBS Gen	208.5	208.1	158.8
ANP-CBS Ind	168.6	168.1	126.7
NORWAY			
Osto SE	321.15	321.23	281.05
SINGAPORE			
Straits Times	799.15	798.06	1,004.38
SOUTH AFRICA			
Gold	1,088.8	1,071.5	1,042.8
Industrials	978.5	973.5	1,070.5
SPAIN			
Madrid SE	109.05	109.49	81.38
SWEDEN			
J & P	1,446.59	1,448.85	1,510.33
SWITZERLAND			
Swiss Bank Ind	422.3	420.7	372.4
WORLD			
Capital Int'l	203.0	203.7	186.6
GOLD (per ounce)			
	Apr 25	Previous	Prev
London	\$322.25	\$322.75	
Zurich	\$323.05	\$321.75	
Paris (Baring)	\$322.31	\$318.49	
Luxembourg	\$323.25	\$323.00	
New York (June)	\$326.20	\$325.30	
* Latest available figure			

### LONDON

## ICI provides the wrong chemistry

A STRONGER early tone in the London equity market was diluted yesterday by poorer-than-expected first-quarter results from ICI.

The ICI figures eroded most of the sentiment that had been fostered by steady interest in international issues, a continuation of the dollar's resurgence and a decline in sterling against the U.S. and leading continental European currencies.

When ICI opened lower on Wall Street, London buyers lost their enthusiasm that took the chemical group a net 2 1/2p lower to 74 1/2p after touching a trough of 73 1/2p.

The FT Ordinary index managed a rise of 3.1 to 965.6.

Gills were influenced by the receding hopes of base rate cuts, but the absence of any sustained foreign profit-taking left declines relatively small.

Chief price changes, Page 40; Details, Page 41; Share information service, Pages 42-43.

### HONG KONG

THE CONSOLIDATION that took place in Hong Kong trimmed 6.53 points off the Hang Seng index as local investors indulged in a bout of profit-taking.

Hongkong & Kowloon Wharf rose 5 cents to HK\$6.40 against the trend, however, amid further speculation of restructuring. Cheung Kong and Jardine Matheson both lost 20 cents to HK\$16 and HK\$12.10 respectively, while Hongkong Land and Hongkong Bank shed 10 cents apiece to HK\$5.70 and HK\$8 respectively.

Evergo, the electronics group, asked for a suspension of trading in its shares after it plunged 18 cents to 73 cents following the circulation among brokers of an anonymous letter questioning the group's current financial forecasts.

### SOUTH AFRICA

A FEW ISOLATED losses stood out in a broadly firmer Johannesburg despite the thin level of trading. Investors were waiting for a lead from the bullion price.

Among the leading gold miners, Vaal Reef's inch 50 cents ahead to R190.50, Buffels was steady at R87 and Driefontein was one of the few to turn lower with a 50-cent decline to R52.50.

Other mines were largely ignored, although diamond leader De Beers picked up 15 cents to R10.25 after results. Elsewhere Anglo American Coal eased 10 cents to R41.80.

### SINGAPORE

SCATTERED bargain hunting induced a firm closing in a Singapore that had languished most of the day in extremely thin turnover. The Straits Times industrial index rose 3.09 to 799.15.

Straits Trading was the main feature with a 18-cent rally to \$34.64 in light trading after favourable local press reports. Ganda Holdings, the most active, picked up 13 cents to finish at \$31.25, while Malaysia Resources continued to attract attention but eased 1 1/2 cents to 79 cents.

### CANADA

OIL AND GAS issues provided an early boost to Toronto as speculation of a major oil discovery in Alberta fuelled broad-based purchases.

Oakwood, leading the exploration, traded CS% higher to CS% despite its announcement that test results were not yet available. Other groups in the drilling include Norcen, CS% up at CS1.0%, Penn West Petroleum CS% ahead at CS1.0% and Morrison Petroleum CS% stronger at CS%.

### NV Koninklijke Nederlandsche Petroleum Maatschappij

(Royal Dutch)

Established at The Hague, The Netherlands

#### ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Wednesday 22nd May, 1985, at 10.30 a.m. in the "Nederlandsche Congressgebouw", 70 Churchillplein, The Hague, The Netherlands.

##### AGENDA:

1. Annual Report for 1984.
2. Finalization of the Balance Sheet and the Profit and Loss Account together with the Notes thereto for 1984 and declaration of the final dividend for 1984.
3. Appointment of a member of the Supervisory Board.
4. Appointment of a member of the Supervisory Board owing to retirement by rotation.

The documents referred to under items 1 and 2 are available for inspection and may be obtained free of charge at the Company's office, 30 Carél van Bylandtlaan, The Hague, and at the head offices of the banks mentioned below.

The nominations for the appointments referred to under items 3 and 4 are available for inspection at the Company's office. The nomination for the appointment referred to under item 3 lists Mr. H. F. van den Hoven first and Mr. M. J. W. de Vries second, that for the appointment referred to under item 4 lists Mr. E. P. Wellenstein first and Mr. G. J. F. Sijm second.

##### REGISTRATION:

A holder of share certificates to bearer may attend the meeting if their share certificates, or evidence that their certificates are held in open custody by De Nederlandsche Bank N.V., are deposited against receipt not later than 7th May, 1985, at one of the banks mentioned below, viz.:

- with respect to shares of The Hague Registry:  
at the Company's office at The Hague, not later than 15th May, 1985;
- with respect to shares of Amsterdam Registry:  
at the office of Algemene Bank Nederland N.V., C.K.E., P.O. Box 2230 Breda, The Netherlands, not later than 15th May, 1985;
- with respect to shares of New York Registry:  
at the office of The Chase Manhattan Bank, N.A., ADR Section, P.O. Box 252, Bowling Green Station, New York - N.Y. 10273, not later than 15th May, 1985;
- C. Holders of certificates for "New York shares", which are depositary receipts issued pursuant to an agreement dated 10th September, 1918, under which The Chase Manhattan Bank N.A. is successor depositary, may attend the meeting if their certificates for "New York shares" are deposited against receipt not later than 17th May, 1985, at Algemene Bank Nederland N.V. or The Chase Manhattan Bank, N.A., as mentioned above;
- D. Usufructuaries and pledgees with voting rights: what is stated above under A and B regarding registration is correspondingly applicable to usufructuaries and pledgees of bearer shares or registered shares if they have voting rights.

##### POWERS OF ATTORNEY:

The persons mentioned above under A, B, C and D who wish to have themselves represented at the meeting by a proxy must not only comply with what is stated above under A, B, C and D respectively, but must also deposit a written power of attorney not later than 17th May, 1985, at the Company's office, 30 Carél van Bylandtlaan, The Hague, or at the above-mentioned banks.

If desired, forms which are obtainable free of charge at the Company's office and the banks may be used for this purpose.

The Hague, 26th April, 1985  
The Supervisory Board

Find

**Corrections:**

[illegible][illegible]

For details contact: *Financial Times (Europe) Ltd*  
Guillemotstrasse 54,  
6000 Frankfurt/Main 1, W.G.  
Tel: (069) 75980  
Telex: 416 103



## EQUITIES

1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
4 1/2	6 1/2						
8 1/2	11 1/2						
22 1/2	23 1/2						

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Apr. 25. Total contracts 4,698 Calls 2,843. Puts 1,855.  
 \* Underlying security price.



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**FT UNIT TRUST INFORMATION SERVICE**

Property Fund	100.0	111.9	+11.9
Real Estate	100.0	111.9	+11.9
Energy	100.0	120.2	+20.2
Chemicals	100.0	120.2	+20.2
Food & Drug	100.0	120.2	+20.2
Health Care	100.0	120.2	+20.2
Transportation	100.0	120.2	+20.2
Utilities	100.0	120.2	+20.2
Other	100.0	120.2	+20.2
Index	100.0	120.2	+20.2
For other prices telephone 927-1141			

<b>Charles Medical Financial International</b> <b>Clarksville, Md., BSZ Q341</b> <b>0272 295566</b>			
<b>Investment Funds</b>			
Energy	100.0	107.4	+0.4
Health	100.0	107.4	+0.4
Food & Drug	100.0	107.4	+0.4
Chemicals	100.0	107.4	+0.4
Transportation	100.0	107.4	+0.4
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<b>Investment Funds</b>			
Energy	100.0	107.4	+0.4
Health	100.0	107.4	+0.4
Food & Drug	100.0	107.4	+0.4
Chemicals	100.0	107.4	+0.4
Transportation	100.0	107.4	+0.4
Utilities	100.0	107.4	+0.4
Other	100.0	107.4	+0.4
Index	100.0	107.4	+0.4
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## INSURANCE, OVERSEAS & MONEY FUNDS

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General Ins. New Street

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## COMMODITIES AND AGRICULTURE

## Another record world wheat crop is forecast

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD WHEAT production this year could reach 520m tonnes, matching the 1984 record, according to initial forecasts by the International Wheat Council in its market report yesterday.

The report said yield prospects for winter wheat in the northern hemisphere appeared to be above average and conditions for spring sowing were generally better than last year.

The sown area in the southern hemisphere was also likely to expand, particularly in Australia.

In total the report predicts that world wheat plantings will show a slight rise over last season's 231m hectares, but yields are not expected to be quite as high as the 1984 record average of 22.5 quintals per hectare.

The report says its projections assume "normal" weather in the major producing areas because the harvest is still several months away in some countries and sowings have not even started in others.

Nevertheless its tentative forecasts predict a cut in Western European output from 52.5m to 52m tonnes, with EEC production declining from 78.5m to 68m tonnes.

However, a big increase from 75m to 90m is forecast for the Soviet Union. Estimated Soviet production of all grain for 1984 is left unchanged at 170m tonnes, but Russian grain imports in 1984-85 are now expected to reach 55m tonnes—2m tonnes above the last estimate in March and 30m tonnes higher than the 1983-84 figure.

Reuter reports from Moscow that the Soviet Central Statistics Board figures published in the past week show the area sown with spring grains and pulses, excluding maize, by April 22 was little more than half that sown at that time last year.

Western experts said Soviet farmers would need to work hard to make up for the shortfall. The experts said once the new lands east of European Russia were planted the figures should jump significantly, but might not be enough to offset delays elsewhere.

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## Sharp rise in copper continues

By John Edwards, Commodities Editor

COPPER PRICES advanced strongly for the fourth day running on the London Metal Exchange yesterday fuelled by the weakness in sterling against the dollar and a tightening of the "squeeze" on immediately available supplies. Higher grade cash copper closed \$42.5 up at \$1,217.5 a tonne while the three months quotation gained \$2.75 to \$1,225.25.

The cash price has gained over £100 this week, but traders noted that the fall in sterling was the equivalent of \$80 alone and New York values had been generally subdued. The U.S. producer, Asarco, yesterday lowered its domestic copper selling price by 1 cent to 68 cents a lb reflecting the easier trend there.

Dealers are anxiously awaiting to see how much extra supplies will be attracted to London by the cash price premium.

On the tin market it was thought the fairly limited reaction to the decline in sterling could put further pressure on the Straits tin price overnight. It held steady at \$320.48 a kilo, 67 cents below the International Tin Agreement "floor" on Wednesday night but was still at a premium of \$100 over London.

If the buffer stock of the International Tin Council is intent on bringing prices in the two markets close together Straits tin will have to come down quite a way yet following the further fall in sterling against the Malaysian dollar.

However, producers are likely to resist the Straits tin price going too far below the supposed "floor".

Indian tea earnings at highest level

INDIA achieved record earnings from tea exports in the year to March 31, according to the Commerce Ministry. Its estimated receipts at Rs. 7bn (\$455m), but warned that the buoyancy in tea exports would not last.

Future prospects lay in increasing sales of value-added items such as packet tea, tea bags and instant tea, it said in its annual report.

THE BAHAMAS, noted for its banking and tourism industries, has duty and quota-free entry to the U.S. American companies are already farming in the islands and the government is confident more will follow.

The Ministry of Agriculture has had many inquiries from growers looking to take advantage of the initiative and seeking to escape the sharp frosts that have hit Florida's citrus industry.

"With our proximity to the U.S. and our agricultural capability, we believe we can be a reliable source of supply for fruits and vegetables," Sir Lynden Pindling, the Prime Minister, told a Miami trade conference.

Government studies have identified 238,000 acres of prime farmland on the islands of Grand Bahama, Andros, Abaco and Eleuthera suitable for growing a wide variety of sub-tropical fruits and vegetables. Only about 15 per cent of the land is cultivated.

It is obvious that the massive capital investments needed for this kind of agricultural development must be provided mainly by private investment, both local and foreign," the Prime Minister said.

Investors prepared to undertake large-scale commercial farming and food processing operations are being offered long-term leases and numerous incentives under the Bahamas Investment Encouragement Act. American businessmen investing in the Bahamas are also eligible for financial assistance from the Overseas Private Investment Corporation (Opic), a U.S. government agency.

So far most foreign investment in agriculture has been in fruit. Kendall Farms, the world's largest producer of limes and Taino Farms, both owned by Florida interests, are cultivating 2,000 acres of citrus, avocados and papayas for export and plan to add another 4,000 acres. The E. G. Harmon Company of Georgia is growing 1,500 acres of citrus and intends to expand to 20,000 in the next 10 years.

Bahamian citrus is of excellent quality. A four-member team from the U.S. Department of Agriculture, on an inspection of Bahamian citrus groves following last year's outbreak in Florida of the deadly citrus canker disease, the Bahamian produce among the best.

"Almost everything we have seen has been good quality and well taken care of, said plant pathologist Mr. Stephen Roe. He predicted the islands were at the beginning of a major export industry.

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## A technological leap for the subsistence farmer

IT OFTEN happens in countries in Latin America, Africa or Asia that the government keen to increase agricultural production, elicits help from the developed world in the form of experts with new technology.

Traditional slash and burn must go, they say. But often the intended beneficiaries of the new technology are resistant to change. They fear abandoning methods which have served them and their forefathers for centuries.

Rather than leading to higher yields, the clash of technological cultures disrupts agriculture. Output falls, and farmers steeped in their traditional ways, become even more wary of change.

This approach in applying modern technology to traditional agriculture in the developing world is wrong, according to Dr Eugene Terry, director of the International Institute for Tropical Agriculture in Ibadan, Nigeria.

Dr Terry was in Jamaica recently to address a conference on technology and tropical agriculture. He said that when new technology tries to replace the traditional system, it said, "The accent should be not on replacing the entire system, but on improving parts of it. It should build on the existing technology."

The problem of applying technology to tropical agriculture is acute in countries burdened by high food import bills or by debt servicing. Agricultural economists argue that the food bill is the only one of the three which a government has some chance of controlling, and this only through applying proven developed world technology on farms operating at subsistence and cash crop levels.

Very few tropical countries can hope to reach the productivity of countries such as the U.S. where only about four people in every hundred are involved in farming.

"In Jamaica, for example, the ratio is fifty-fifty," said Mr. Edward Seaga, the prime minister, who has been attempting to persuade foreign companies to bring modern technology to new agricultural projects on the island.

The question of the cost of technology is relevant only to small-scale and not large-scale farming in the tropics," argued Dr. Terry.

"For example, there can be improvement in existing traditional technology which conserves soils, so that a farmer may not even need fertilisers for marginal soils."

Small farmers in tropical countries could benefit from biotechnological advances without having to contribute directly to the cost of developing or purchasing the technology.

For example, new varieties of cassava could produce between 10 and 15 sticks from one plant. To get enough to make meaningful change in volume of production, farmers might need 10,000 sticks.

This would normally take very long," he says, "but with tissue culture the multiplication rate could be increased by thousands. This is ideal for farmers who are far removed from modern technology."

Delegated to the conference also spoke of ways of applying modern technology to tropical agriculture to reduce the traditional high labour content. Farmers could spend up to 60 per cent of their time on weeding.

"Dead or live mulch could be used to control weeds and preserve the soil structure," suggested Dr. Terry.

Dr. Terry then allowed the farmer the time to make use of labour-saving devices such as injection planters which plant seeds through the mulch.

"This means the farmer would have made an easy but valuable technological leap from the hoe to the injection planter," he said.

But the transfer of agricultural technology presents particular problems. The farmer, for example, may be wary of a foreign expert employed by his government, or contributed by a friendly government or international agency.

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## Canute James on the problems of bringing modern methods to third world agriculture

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Government officials in Caribbean

## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Nervous climate underpins dollar

The dollar rose in currency markets yesterday in nervous trading. Recent comments by U.S. officials have renewed fears concerning the need to finance the budget deficit and consequential implications for the U.S. interest rate. In addition, the absence of any economic data for the rest of this week tended to channel attention towards the dollar, and after an indifferent morning, the dollar breached a major chart resistance level of DM 3.1250 against the D-mark and a further DM 3.1350, up from DM 3.1190 on Wednesday.

Proximity of the month end was also a contributory factor to dollar demand. Elsewhere it closed at 2523.30, up from 2521.35 and SwFr 2.6225, compared with SwFr 2.6200. Against the French franc it closed at FFf 9.60, from FFf 9.5850. On the dollar's exchange rate index rose from 146.9 to 147.6.

Background factors behind the dollar's improvement included increased hopes of a turnaround in second quarter gross national product figures after a disappointing downward revision in the first quarter. Additionally, the recent decline in U.S. interest rates, there was no interest rate rise in U.S. and investors alike to turn to the dollar.

STERLING — Trading range against the dollar in 1985 is 1.2500 to 1.4525. March average 1.2500. Exchange rate index 78.6 after an opening level of 77.2 and Wednesday's close of 77.3. The six months ago figure was 78.2.

Sterling suffered from the double blow of a stronger dollar and renewed fears of a cut in oil prices. Consequently it fell to \$1.2040-2.0500 against the dollar, a fall of 2.05c from Wednesday. This was its lowest level for three weeks and represented a fall of nearly 7 per cent from last Friday's peak.

The weaker trend was not confined to the dollar and sterling. The D-mark fell from DM 3.2850 to 3.2975, compared with 3.2875. It was also lower at SwFr 11.5550 compared with FFf 11.5550. D-MARK — Trading range against the dollar in 1985 is 2.4510 to 2.9945. March average 2.5272. Exchange rate index

121.0 against 121.9 six months ago. Late demand pushed the dollar to its best level against the D-mark in Frankfurt yesterday. Higher Eurodollar rates and month end demand saw the U.S. unit bid at DM 3.15 from DM 3.1265. There was no intervention by the Bundesbank despite the dollar's firmer trend and the authorities' decision to leave unchanged after yesterday's meeting of the central council was much in line with market expectations.

£ IN NEW YORK  
April 25  
\$ spot 1.2500-1.2505  
1 month 1.2500-1.2505  
3 months 1.2500-1.2505  
6 months 1.2500-1.2505  
12 months 1.2500-1.2505  
Forward premiums and discounts apply to the U.S. dollar.

## EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	% change	% change	% change
against	April 25	against	April 25	against
Belgium Franc	1.3608	+0.01	+0.01	+0.01
Denmark Krone	8.46	+0.01	+0.01	+0.01
German D-Mark	2.2218	+0.01	+0.01	+0.01
French Franc	6.55	+0.01	+0.01	+0.01
Dutch Guilder	2.2218	+0.01	+0.01	+0.01
Irish Punt	0.7869	+0.01	+0.01	+0.01
Italian Lira	1663	+0.01	+0.01	+0.01

Changes are for Euro, therefore positive change denotes a weaker currency. Adjustment calculated by Financial Times.

## POUND SPOT-FORWARD AGAINST POUND

Apr. 25	Day's	Close	One month	% Three
				months
U.S.	1.2500-1.2505	1.2500	0.46-0.62	0.70
Canada	1.2500-1.2505	1.2500	0.01-0.01	0.01
France	1.2500-1.2505	1.2500	0.01-0.01	0.01
Germany	1.2500-1.2505	1.2500	0.01-0.01	0.01
Italy	1.2500-1.2505	1.2500	0.01-0.01	0.01
Japan	1.2500-1.2505	1.2500	0.01-0.01	0.01
Netherlands	1.2500-1.2505	1.2500	0.01-0.01	0.01
Portugal	1.2500-1.2505	1.2500	0.01-0.01	0.01
Spain	1.2500-1.2505	1.2500	0.01-0.01	0.01
Sweden	1.2500-1.2505	1.2500	0.01-0.01	0.01
Switzerland	1.2500-1.2505	1.2500	0.01-0.01	0.01
U.K.	1.2500-1.2505	1.2500	0.01-0.01	0.01

## DOLLAR SPOT-FORWARD AGAINST DOLLAR

Apr. 25	Day's	Close	One month	% Three
				months
U.S.	1.2500-1.2505	1.2500	0.46-0.62	0.70
Canada	1.2500-1.2505	1.2500	0.01-0.01	0.01
France	1.2500-1.2505	1.2500	0.01-0.01	0.01
Germany	1.2500-1.2505	1.2500	0.01-0.01	0.01
Italy	1.2500-1.2505	1.2500	0.01-0.01	0.01
Japan	1.2500-1.2505	1.2500	0.01-0.01	0.01
Netherlands	1.2500-1.2505	1.2500	0.01-0.01	0.01
Portugal	1.2500-1.2505	1.2500	0.01-0.01	0.01
Spain	1.2500-1.2505	1.2500	0.01-0.01	0.01
Sweden	1.2500-1.2505	1.2500	0.01-0.01	0.01
Switzerland	1.2500-1.2505	1.2500	0.01-0.01	0.01
U.K.	1.2500-1.2505	1.2500	0.01-0.01	0.01

## OTHER CURRENCIES

Apr. 25	£	¥	₹	₦
Argentina Peso	832.94-594.08	430.75-431.15	Australia	25.45-25.75
Australia Dollar	1.2500-1.2505	1.2500	Canada	76.40-77.10
Brazil Cruzeiro	1.2500-1.2505	1.2500	Denmark Krone	12.51-12.68
Canada Dollar	1.2500-1.2505	1.2500	France Franc	11.50-11.55
France Franc	1.2500-1.2505	1.2500	Germany D-Mark	2.2218-2.2218
Germany D-Mark	1.2500-1.2505	1.2500	Greece Drachma	2400-2450
Greece Drachma	1.2500-1.2505	1.2500	Hong Kong Dollar	2.00-2.05
Hong Kong Dollar	1.2500-1.2505	1.2500	India Rupee	30.00-30.50
India Rupee	1.2500-1.2505	1.2500	Indonesia Rupiah	1.2500-1.2505
Indonesia Rupiah	1.2500-1.2505	1.2500	Italy Lira	1663-1663
Italy Lira	1.2500-1.2505	1.2500	Japan Yen	146.9-147.6
Japan Yen	1.2500-1.2505	1.2500	Netherlands Guilder	2.2218-2.2218
Netherlands Guilder	1.2500-1.2505	1.2500	New Zealand Dollar	1.2500-1.2505
New Zealand Dollar	1.2500-1.2505	1.2500	Portugal Escudo	200-205
Portugal Escudo	1.2500-1.2505	1.2500	Saudi Arabia Riyal	1.2500-1.2505
Saudi Arabia Riyal	1.2500-1.2505	1.2500	South Africa Rand	1.2500-1.2505
South Africa Rand	1.2500-1.2505	1.2500	Switzerland Franc	1.2500-1.2505
Switzerland Franc	1.2500-1.2505	1.2500	U.K. Pound	1.2500-1.2505
U.K. Pound	1.2500-1.2505	1.2500	U.S. Dollar	1.2500-1.2505
U.S. Dollar	1.2500-1.2505	1.2500	Yugoslavia Dinar	250-255

## EXCHANGE CROSS RATES

Apr. 25	£	¥	₹	₦
Pound Sterling	1.2500-1.2505	1.2500	Canada Dollar	1.2500-1.2505
U.S. Dollar	1.2500-1.2505	1.2500	France Franc	1.2500-1.2505
Germany D-Mark	1.2500-1.2505	1.2500	Italy Lira	1.2500-1.2505
Japan Yen	1.2500-1.2505	1.2500	Netherlands Guilder	1.2500-1.2505
Netherlands Guilder	1.2500-1.2505	1.2500	New Zealand Dollar	1.2500-1.2505
New Zealand Dollar	1.2500-1.2505	1.2500	Portugal Escudo	1.2500-1.2505
Portugal Escudo	1.2500-1.2505	1.2500	Saudi Arabia Riyal	1.2500-1.2505
Saudi Arabia Riyal	1.2500-1.2505	1.2500	South Africa Rand	1.2500-1.2505
South Africa Rand	1.2500-1.2505	1.2500	Switzerland Franc	1.2500-1.2505
Switzerland Franc	1.2500-1.2505	1.2500	U.K. Pound	1.2500-1.2505
U.K. Pound	1.2500-1.2505	1.2500	U.S. Dollar	1.2500-1.2505
U.S. Dollar	1.2500-1.2505	1.2500	Yugoslavia Dinar	1.2500-1.2505
Yugoslavia Dinar	1.2500-1.2505	1.2500		

## EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 25	£	¥	₹	₦
Short-term	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
3 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
6 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
12 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
One year	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68

## MONEY MARKETS

## London rates continue to rise

Interest rates continued to rise on the London money market yesterday, in reaction to the decline of sterling on the foreign exchange. At 11.00 a.m. the base rate for 12 months rose to 12.51 per cent, and another 2 points to the dollar, and weakened against other major currencies, hopes faded of any further early cut in clearing bank base rates.

The Bank of England forecast a money market shortage of £500m. This was revised to £500m in the afternoon, but then back to £500m. Total help supplied by the authorities was £500m. An early round of assistance was offered, and at that time the Bank of England bought £2m Treasury bills in band 1 (up to 14 days maturity) at 12 1/2 per cent; £47m bank bills in band 1 at 12 1/2 per cent; £15m Treasury bills in band 2 (15-33 days) at 12 1/2 per cent.

## FT LONDON INTERBANK FIXING

(11.00 a.m. April 25)	bid	offer
Three months U.S. dollars	bid 5 1/2	offer 5 5/8
Six months U.S. dollars	bid 5 1/2	offer 5 5/8

The fixing rates are the arithmetic means, rounded to the nearest sixteenth, of the bid and offered rates for \$10m quoted by the market for two reference banks at 11 a.m. working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Paribas, Citibank and Morgan Guaranty Trust.

## LONDON MONEY RATES

Apr. 25	£	¥	₹	₦
Overnight	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
3 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
6 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
12 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
One year	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68

## MONEY RATES

Apr. 25	£	¥	₹	₦
Overnight	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
3 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
6 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
12 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
One year	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68

## MONEY RATES

Apr. 25	£	¥	₹	₦
Overnight	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
3 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
6 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
12 months	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68
One year	12.51-12.68	12.51-12.68	12.51-12.68	12.51-12.68

ECGD Fixed Rate Export Finance (IV): Average Rate of Interest period March 5 to April 2 (inclusive): 13.618 per cent. Local authorities and finance houses seven days' notice, others seven days' notice. Finance House Base Rate (published by the Finance House Association): 14 per cent from April 1. Rate published by the Finance House Association for lending 12-12% per cent. Bank Deposit Rates for sums at seven days' notice: 11.5647 per cent. Certificate of Treasury Bill (Series 6): Deposits £100,000 and over held under one month for 13 per cent; one-month 12% per cent; nine-month 11% per cent. Under £100,000 11 per cent from April 22. Deposits held under Series 5 11% per cent. The rate for all deposits withdrawn for cash 8 per cent.

## CURRENCY MOVEMENTS

Apr. 25	£	¥	₹	₦
U.S.	1.2500-1.2505	1.2500	Canada Dollar	1.2500-1.2505
France Franc	1.2500-1.2505	1.2500	Germany D-Mark	1.2500-1.2505
Italy Lira	1.2500-1.2505	1.2500	Japan Yen	1.2500-1.2505
Netherlands Guilder	1.2500-1.2505	1.2500	New Zealand Dollar	1.2500-1.2505
Portugal Escudo	1.2500-1.2505	1.2500	Saudi Arabia Riyal	1.2500-1.2505
Saudi Arabia Riyal	1.2500-1.2505	1.2500	South Africa Rand	1.2500-1.2505
South Africa Rand	1.2500-1.2505	1.2500	Switzerland Franc	1.2500-1.2505
Switzerland Franc	1.2500-1.2505	1.2500	U.K. Pound	1.2500-1.2505
U.K. Pound	1.2500-1.2505	1.2500	U.S. Dollar	1.2500-1.2505
U.S. Dollar	1.2500-1.2505	1.2500	Yugoslavia Dinar	1.2500-1.2505
Yugoslavia Dinar	1.2500-1.2505	1.2500		

## CURRENCY RATES

Apr. 25	£	¥	₹	₦
U.S.	1.2500-1.2505	1.2500	Canada Dollar	1.2500-1.2505
France Franc	1.2500-1.2505	1.2500	Germany D-Mark	1.2500-1.2505
Italy Lira	1.2500-1.2505	1.2500	Japan Yen	1.2500-1.2505
Netherlands Guilder	1.2500-1.2505	1.2500	New Zealand Dollar	1.2500-1.2505
Portugal Escudo	1.2500-1.2505	1.2500	Saudi Arabia Riyal	1.2500-1.2505
Saudi Arabia Riyal	1.2500-1.2505	1.2500	South Africa Rand	1.2500-1.2505
South Africa Rand	1.2500-1.2505	1.2500	Switzerland Franc	1.2500-1.2505
Switzerland Franc	1.2500-1.2505	1.2500	U.K. Pound	1.2500-1.2505
U.K. Pound	1.2500-1.2505	1.2500	U.S. Dollar	1.2500-1.2505
U.S. Dollar	1.2500-1.2505	1.2500	Yugoslavia Dinar	1.2500-1.2505
Yugoslavia Dinar	1.2500-1.2505	1.2500		

## CURRENCY RATES

Apr. 25	£	¥	₹	₦
U.S.	1.2500-1.2505	1.2500	Canada Dollar	1.2500-1.2505
France Franc	1.2500-1.2505	1.2500	Germany D-Mark	1.2500-1.2505
Italy Lira	1.2500-1.2505	1.2500	Japan Yen	1.2500-1.2505
Netherlands Guilder	1.2500-1.2505	1.2500	New Zealand Dollar	1.2500-1.2505
Portugal Escudo	1.2500-1.2505	1.2500	Saudi Arabia Riyal	1.2500-1.2505
Saudi Arabia Riyal	1.2500-1.2505	1.2500	South Africa Rand	1.2500-1.2505
South Africa Rand	1.2500-1.2505	1.2500	Switzerland Franc	1.2500-1.2505
Switzerland Franc	1.2500-1.2505	1.2500	U.K. Pound	1.2500-1.2505
U.K. Pound	1.2500-1.2505	1.2500	U.S. Dollar	1.2500-1.2505
U.S. Dollar	1.2500-1.2505	1.2500	Yugoslavia Dinar	1.2500-1.2505
Yugoslavia Dinar	1.2500-1.2505	1.2500		

## CURRENCY RATES

# e to rise

bank bills in band 3 at 12½ per cent; and £47m bank bills in band 4 at 12 per cent. Another £534m bills were purchased for resale

